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**The Cause
of the
High Cost of Living
and the
Solution.**



BY

M. SENN.

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PRICE, 25 CENTS.

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"To accomplish anything excellent, the will must work for catholic and universal ends.***

Hitch your wagon to a star. Let us not fag in paltry works which serve our pot and bag alone. Let us not lie and steal. No god will help.***

Work rather for those interests which the divinities honor and promote, justice, love, freedom, knowledge, utility."

—Emerson.

"Unless above himself he can
Erect himself, how poor a thing is man!"

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No,

INTRODUCTION.

We are living in a time of general unrest, and everywhere questions are being asked regarding the high cost of living, and the reason why millions of our people are unable to procure even the bare necessities of life.

Every party claims to have a remedy for our economic and political evils, but so far none of them have proposed any clearly defined measure for relief.

There was great demand for an investigation of the money trust and we had the investigation. Enough evidence was produced to prove conclusively to any unprejudiced mind that a combination of great banks, with their interlocking directorates, practically controls credits and interest rates, the price of stocks and bonds, and, as a natural consequence, the price of products and the price of labor.

We should have obtained some results from this investigation but we did not. The power of combined capital seems to hypnotise our press and lawmakers. Instead of going to the root of the evil they have passed a law that may give some relief to the smaller bankers but certainly not to the masses of the people.

My object in writing this booklet is to try and induce the voters to demand from their candidates, before nominations are made, pledges to support measures that mean radical reforms. Only by demanding specific, clearly-defined reforms, instead of mere generalities, can the voters ever get results that will really benefit them.

MAN, HIS HIGH CALLING AND DESTINY.

Man is a wonderful being. His body is the most perfect piece of mechanism in existence. Considering only the physical form and characteristics of the body it is truly the crown of creation; when we further consider the mental attributes with which man is endowed, there is indeed cause for wonder and admiration.

To be born a human being, with all the possibilities implied, is a great privilege. A great mistake in our lives is that we do not appreciate more fully our worth and dignity as human beings.

As reasoning beings, the question naturally arises; what is the object or purpose of the creation of man? We do not know, and yet we are impelled to think about it.

In our daily lives we meet many difficulties. Sometimes our best efforts fail, our plans miscarry. We have misunderstandings with our friends, perhaps even with members of our own families. Business affairs go wrong or crops fail; working men are unemployed or insufficient wages are paid, or worse than all we are in poor health. These trials are only too common. Under such conditions it is easy to become down-hearted, to lose hope, faith and courage and settle into an habitually despondent condition. This is all wrong. Difficulties, trials, all kinds of obstacles and even failures are means of progress to the strong man. If we arise to the proper mental attitude we learn to view all obstacles as stepping stones to progress. We need to take an inward look and try to realise what we really are. Are we not children of God endowed with possibilities greater than any human being has yet attained? Are we not placed in this world to develope our faculties, to co-operate with our fellow men, to bring peace on earth and love and good will to all men? When we bring these thoughts home to ourselves, our trials and difficulties become smaller, our courage rises, our faith and will power increases and we go to work with a confidence that the Universal Spirit is with us that we can not fail if we do our part.

Much has been said and written on this subject. The Bible says "God created man in his image and gave him dominion over everything on earth." This is true. The facts prove it. Man has subdued the animals, tamed them so they are profitable to him. He obtains food, clothing and service from them. He has improved the wild fruits, the grains, the vegetables to better avail as food. He has harnessed the rivers, so they car-

ry his ships, and furnish power to run his factories. He controls the lightning and makes a servant of it. From the bowels of the earth he obtains the coal to warm his house, the minerals to make innumerable objects for utility and pleasure. Indeed man has subdued and is still subduing the earth.

What man has done is only a small beginning of that which he can do. We can set no limit to his powers. Every man, no matter to what intellectual heights he has risen, always feels that there is much more in him to be developed.

Now all these innumerable inventions have contributed to make life more comfortable, and to bring more joy into it. Mere living is a joy, at least when the pressing wants are supplied. Healthy children who are not spoiled by over indulgence, enjoy almost every waking moment of their lives; but they are always busy doing something. Their imaginations create, they tax their ingenuity to make things. Thus it appears that the law of life is thought and action. We may then conclude that one purpose of life is joy and happiness, another purpose is our development. The desire to know, to do, to create something, to excel in doing is one of the strongest traits in a normal child or man. Real lasting joy and satisfaction can only be obtained through work. As far as we know man is the only being who has the desire for self improvement, and the ability to progress.

Excepting the domestic animals whose form and habits have been changed by the efforts of man, the animal world is where it was a thousand years ago.

The greatest progress of man has come from his ability to make tools. The invention of weapons gave him the power to control animals. With tools he was enabled to cultivate the soil, build shelter, roads, bridges boats and ships to sail the seas. The last century has been especially fruitful in innumerable inventions of labor saving machinery.

We can now truly say that man is gaining dominion over everything on earth. Yes we are justified in believing that man partakes of the all prevading creative spirit; that he was created in the image of God.

This ability to invent tools, machinery, scientific instruments, chemical combinations, everything that increases man's power over the forces of nature, insures to humanity still greater results in the conquest of natural obstacles to continued progress.

With our marvelous industrial and scientific progress the ideal of our destiny as a nation has also enlarged. The faith and hope of a Golden Age or millenium, where crime, poverty and ignorance shall be no more is deeper and stronger than ever before.

It is the spiritual nature in man that has carried this hope and inspiration of a Golden Age, down through the centuries. Through all the ignorance, oppression deprivations, and sufferings of humanity, this hope of a better time, the kingdom of heaven on earth, has found voice in the Prophets, Seers and Poets of the race, and has lived in the hearts of the people.

CAUSES THAT OBSTRUCT PROGRESS.

Man is a two sided being. He has the animal wants and passions and the higher spiritual aspirations. When under the influence of his animal nature, he is selfish and tries to satisfy his wants and gratify his passions by any means. Primitive man satisfied his hunger, if there was no other way by taking from his fellows by force or stealth; but gradually his higher nature impelled him to make efforts to subdue and control these selfish animal desires. The family instinct began to develop. Mother's love which sacrifices and gives instead of always wanting to take, probably furnished the first example. Man learns more from example and observation than by any other method. How could man see the daily manifestation of mother love, the willing sacrifices, even of a savage mother for that most helpless of all beings at birth, her baby, without being stirred within by a desire or resolution to do something for his children, his wife, his fellow men.

Men began to win wives by love instead of taking them by force. They formed family groups and made attempts to provide food and shelter for them. As man listened more and more to the higher spiritual impulses planted within him, the conception of duties, not only to his family, but to his fellow men gradually began to enlarge. Men grouped themselves together for self protection. Tribes and nations were formed, but always the strong took advantage of the weak and while there was some progress, some improved conditions for all, there would be a ruling class which would manage to live in comparative luxury and idleness on the labor of the many.

Among the northern nations where the severity of the climate stimulated the minds of men to invent means to procure shelter and clothing, and to store food during the long winter, progress was faster. The masses gained more rights from the ruling class and finally in our country we gained equality in political rights and privileges, for the white race at least. Later by a fearful sacrifice of money and lives we gave equal rights to the black race, and still later will give it to all of our women.

This proves that deep down in the human heart there is implanted a sense of justice, a love of freedom that can not be eradicated by centuries of oppression. But human progress and especially progress towards greater liberty and a higher conception of justice seems to swing somewhat like a pendulum. So after the great moral awakening which caused the Civil War

the pendulum of progress seemed to swing back again. We have sadly fallen from the high position the founders of our government took in the Declaration of Independence. We have lost the substance and kept the shadow. Our experience since the Civil War has demonstrated that oppression can assume many forms.

Since chattel slavery was abolished another form of slavery has been established.

It is stated that the so called Hazzard Circular was sent by Hazzard an English banker to American bankers in 1862. To my personal knowledge it was largely circulated in newspapers in the seventies. I submit a copy:

"Slavery is likely to be abolished by the war power, and chattel slavery to be destroyed. This I and my European friends are in favor of. For slavery is but the owning of labor and carries with it the care for the laborer, while our plan is for capital to control labor by controlling wages. This can only be done by controlling the money."

The great debt that capital will see to it is made out of this war must be used as the means to control the volume of money. To accomplish this, the debt must be bonded and the bonds must be used as a banking basis. We are now waiting to get the Secretary of the Treasury to make the recommendation to congress. It will not do to allow the greenbacks to circulate as money for any length of time; for we cannot control them, but we can control the bonds and through them the bank issues."

Judging by the financial legislation enacted during the Civil War and since then, the policy recommended by the European bankers through the Hazzard Circular has been faithfully carried out.

During the civil war while the majority of people were principally occupied and interested with the war, the building of what we commonly call the money power was fairly started. The high protective tariff and the enormous demands for the army stimulated all kinds of industries tremendously. Fortunes were made in a short time especially in government contracts. The era of railroad building also started during the war, and the policy of giving land and bonds to new roads was then inaugurated. However, the greatest impulse for the accumulation and concentration of wealth came through the manipulation of the finances. I will not enter into any details, only state that the banks obtained the entire control of our finance policy, and have fortified their position ever since. Now they are all but omnipotent, and it remains to be seen how long a patient public will submit to their absolute dominion in the field of finance.

The investigation and report of the Pujo committee is of great value, not immediately, because the recommendations they make do not go to the root of the evil but the publicity given banking affairs will arouse a healthy indignation and impel many to think and act.

There is proof that a few great banks largely control the credit of the nation; that they have it in their power and freely use that power to cause a rise or depression in the price of stocks and bonds on the stock exchange; that they make enormous profits besides their large profits as bankers, by their stock gambling—yes gambling with loaded dice. The enormous sale of watered stock, 50,000,000,000—Think—could not have been accomplished without the aid of these banks and their influence on the stock exchange.

This combination of capital takes the form of protective tariff, land monopoly, especially in mines and forests, transportation, telegraph and telephone monopoly, also combinations of manufacturers to maintain excessive prices by mutual agreements and last but greatest of all Finance and Banking monopoly with allies of clearing houses and stock exchanges. By these methods a large portion of the greatly increased production of the country is diverted from those who really earn it, into the pockets of a comparatively few. The natural result is enormous fortunes for a few and poverty with all its sad consequences for the many. Much has been said and written about these evils the last few years, but I am sure that very few even well informed persons have any conception of the enormous amount that Capital takes from labor through these monopolies. In another chapter I give figures.

Now the masses are beginning to see and feel that there must be something seriously wrong in our economic machinery. People everywhere are asking why is it so hard to make a living? Why are there so many obliged to go without sufficient food and clothing when there is always an abundance in our warehouses? What is the reason of the increase in the number of criminals and paupers? Why is there a constant increase in the number of our people without homes? Why are the unsanitary tenements in our large cities crowded with the families of the poor, and why does every new census show an increase of mortgaged homes and renters? Why do we have fabulous fortunes for the few and constant increase of poverty for the many?

Thoughtful men and women are trying to understand why there is hunger when our farmers always produce an abundance of food, or raggedness when our manufacturers make plenty of clothing. We are never in want of material to build houses nor do we lack mechanics to build them. In short we are not only able, but actually do produce an abundance of everything needful for man. There is now no good reason for hunger or want in any form. We are ready to deny the old saying that poverty must always exist. We will no longer believe it is God's will, but believe the injustice and selfishness of man is the real cause.

Whatever interferes with freedom interferes with the proper development of man. First and fundamental is the opportunity to make a living, to provide himself and family with the daily needs of life. Hunger and want stop or at least retard higher progress. Usually abject poverty degrades; ambi-

tion, self-respect and hope are destroyed, body and mind injured. Therefore a civilized government should above everything else see to it that the means to earn an honest living by work are not monopolized; should jealously guard the rights of every citizen against all manner of oppression.

I go one step farther and declare that the government should help the man who is in danger of falling below the line of self-support and provide work for him so that he may keep his self-respect and remain a useful member of society. The government should also provide means and methods to educate all children whose parents or guardians can not so they may become self-supporting.

So we see that injustice is the cause of our economic evils. When a man robs another on the street or breaks into his house and steals his money, or goods, we call it a crime and punish him. But if one man or a number of them obtain special privileges by which they gain enormous sums through all manner of complicated devices, from the labor of others, we have not yet found the means to successfully prevent it.

That is the mission of our age—we must have justice in our economic relations, we must prevent the unjust encroachment of organized greed, as we prevent common stealing.

WHO IS TO BLAME?

We have ceased to believe that God wills poverty, and we do not altogether blame the rich. We the masses of the people, the big crowd are beginning to see that it is our own fault that we have a government which is controlled by the mighty Dollar. We have neglected our duty as citizens; we have not used our brains and especially have we failed to recognize the bond of brotherhood between all men.

Yet we must not become despondent or desperate about these conditions. That would bring no good results. The only way out is by patient, careful study of the situation. We must find what is wrong, and then work tenaciously and perseveringly to right the wrongs.

To sum up in one sentence, the wrong in our economic and political life is that the people in power have been and still are money mad. Perhaps we needed the motive of acquiring great wealth to stimulate the captains of industry to exert themselves in overcoming the innumerable obstacles in the realization of their plans.

But if the stimulation of the acquisitive faculty was necessary earlier it surely is not any more. It has rather been overdone. What we need now is to turn over a new leaf.

We want to understand that life is greater than wealth, that conditions that promote natural, healthy environment for the masses are of greater importance and value than conditions which promote immense fortunes for the few with poverty and misery for the many. We are beginning to see that if we want to be a great nation, we must become a nation of strong, intelligent, happy home loving, and home possessing individuals. Yes we see more clearly than ever that great riches as well as extreme poverty is destructive to the real progress of humanity.

There is no disguising the fact that any radical change that really strikes at the root of special privilege, must be advocated and supported by the masses. Take for instance the agitation against slavery. For years and years it could not be brought to the attention of the masses. Even the churches would not take a stand against it. A few devoted persistent agitators kept the question before the people, gained a few adherents here and there, until finally the leaven had worked through the masses. Then no power, no politicians, no party, could prevent the final outcome. So will it be with this even greater question of economic justice.

But we must know definitely what we want. We must stop going into campaigns on generalities, or from frenzied enthusiasm follow a popular hero.

A square deal, justice to all, progressive measures, tariff reform, finance reform, flexible currency, better conditions for the workers, relief for the hard conditions of the farmers, are nice phrases but count for nothing unless accompanied with clear specifically defined propositions.

We must bring out definite issues and every candidate must clearly and unequivocally pledge himself to support them, then if we win an election we will get what we worked for.

The politicians will compromise and evade real issues until the people speak in no uncertain voice. We must not forget that we have had railroad commissions for twenty-five years, but have so far accomplished very little except in a few states. All our trust busting has so far accomplished nothing.

The privileged class defended by a powerful press, the most able lawyers, and politicians, with unlimited means and influence to intimidate and bribe, though small in numbers are almost invincible in their position. But if the masses are really in earnest and work out what they want, show that they understand their needs, and also know their power, there will be plenty of true and able men coming to the front to lead them to victory.

The cause of reform would be hopeless, except for the greatest of all reasons, the most stupendous fact in the universe, namely, the innate God implanted sense of justice and the love of freedom in man.

Issues may be obscured; false leaders may obtain the confidence and admiration of their followers, come into power then betray their trust; through money and trickery good laws passed may be made ineffective for a time but eventually right will prevail.

The demand for economic justice, the right for every individual to obtain the value of his work, indeed the right of every person to have an open opportunity to obtain work can not much longer be denied.

All that is needed is for us, the common people to feel and realize, that we too are human beings created with inalienable rights to life, liberty and the pursuit of happiness. That no power in the universe can deprive us of our God given rights, if we earnestly and persistently demand and work for them. There is implanted in the very nature of our being, in our blood and bone the principle, that we must work for what we want, that we must strive for that which we desire, that we must feel and assert the worth and dignity of our own individuality, if we expect to be successful in our efforts.

Too many of us have been in the habit of forgetting or neglecting our duties as citizens. We have failed to assert our

own manhood, our own citizenship. Too many have only a blind partisanship to guide them, instead of an active sense of obligation to an honest, intelligent performance of the duties of citizenship.

There must be a radical change in this respect. If we really want a government of the people, for the people, and by the people, we can not blindly follow leaders who continually work against the common interest. I am anticipating that the vote of the women will be a strong influence for good.

Women are not so blinded by the party spirit as men are, they have almost an instinctive knowledge and distrust of laws and measures that are destructive of home and family life. Then there are probably more well educated women than men. Women generally speaking are more inclined to improve themselves intellectually after leaving school than men, and their club meetings I think are more often for mental improvement. Last, but not least if real want comes a woman suffers more from unjust laws than man, because a mother will sacrifice and endure everything for her children.

The voters must train and use their own judgment, must be discriminating in what they read in newspapers, and above everything else must organize and study and understand public questions.

A government that really exists for the good of all, that does justice to all, that protects the weak against the strong not only from physical injury but also in the economic struggle has so far only been an Ideal to strive for.

We the people of this nation have had a grand and inspiring dream, since the noble founders of the government sent out to the world that wonderful document the Declaration of Independence, but the realization the application of the principle to actual conditions, especially the economic life of the people is still unrealized.

But there are signs of a new awakening and the issues in coming campaigns will be economic questions that go to the root of our evils. You and I the common people, the farmers, merchants, mechanics and professional men, must know that it is a work for us; that we cannot be indifferent, cannot afford to be ignorant; that we must use our intelligence and reason if we want truly a people's government.

WEALTH.

By the term wealth I mean all exchangeable products of labor that have a market value. Capital is that part of wealth, which is not consumed but used to produce more wealth.

If we would consume everything we produce, there would be no capital, and to have civilization we need capital. Wheat, corn, oats, hay etc., lose six to ten per cent of their weight in a year's time, besides rats, mice and insects injure them. Clothes shoes, furniture, houses, in fact nearly all classes of raw material or manufactured goods, except wine and whiskey deteriorate in time. When men have any form of wealth that they do not need for immediate consumption they usually exchange it for money.

Money is the most convenient form of wealth; it needs small space to store, has little weight and is easily transported, does not deteriorate in time, as nearly all other forms of wealth do. Yet money is not wealth in itself. It only represents wealth, because it can be exchanged for it.

Money is the best medium of exchange, because it has by edict of law a staple value, not absolutely fixed as compared with products of labor, but absolutely fixed in value for paying debts interest and taxes.

We may truly state that money has been and is one of the most useful factors in promoting commerce and industry.

But just because money is so easy to keep, so easy to transport, and so convenient to exchange again for other forms of wealth, it soon became the most desired object in the world.

From this naturally followed, that a thing so valuable as money, might be loaned for profit, instead of simply used as a medium of exchange, and of course interest was charged and paid. Now in obtaining interest for money loaned, the foundation was laid for debts. Money does not produce money, does not really produce interest; a man borrowing a hundred dollars at ten per cent interest may be able to pay one hundred and ten dollars in a year but he must earn the extra ten dollars by some special effort. As a rule interests are not really paid, but are added to debts or appear as new debts. That is the reason that in all countries debts are steadily increasing.

Ancient writers seemed to see the evils of interest taking more clearly than the modern writers.

The Bible writers of the Old and New Testaments severely denounce usury: "Take thou no usury of him, or increase; but fear thy God; that thy brother may live with thee. Thou shalt not give him thy money upon usury, nor lend him thy victuals for increase." Lev. 25. 36, 37.

Augustine one of the prominent early church fathers says: "If you lend money to a man and expect to get more than you gave you are a usurer and in that respect reprehensible not praiseworthy."

Aristotle says: "The practice of receiving interest on money is detestable, as by it the increase of fortune arises from the money itself, and not by employing it for the purpose intended".

Shakespeare says: "He who is in debt is a slave."

It is this unnatural attribute of increasing money through interest that has paved the way for the accumulation of the enormous fortunes of modern times. When interest is compounded it has a power of increase that seems incredulous. One dollar at 8% amounts to \$2,203.00 in a hundred years. It is mostly through the power of interest that debts are created. Debts mean the enslaving of future generations. The burden of debts the American people have put on the backs of their descendants is the saddest and most appalling fact to contemplate.

It is this wrong use of money that has led our people into the almost bottomless mire of debt, that has put the blight on our industrial life, so that instead of peace, happiness and general prosperity among the masses, we have increasing strife and discontent, poverty, ignorance, vice and crime. We have such unnatural conditions that even the farmers are to a large extent dissatisfied and prefer to leave the farms and move to towns.

All this is not because we cannot produce an abundance of everything needful for men. We always have enough but the masses have not the means to buy. We have knocked up the channels of distribution through monopoly, mostly money and banking monopoly.

In our present industrial condition there is a great demand for capital to build permanent improvements, schools and their belongings, churches, railroads, manufactories with their machinery, stores and warehouses with their contents. The farmers especially in a new country have always need for better houses, barns, granaries, fences, windmills, farm machinery and tools. The township needs road work, culverts, and bridges; the county and state governments continually require buildings.

All these demands must be supplied by the savings of the people or by making debts. They can not be supplied by what we consume, but only by the surplus after we have supplied our immediate necessities.

The character of our people, the greater freedom under our form of government, with the unlimited natural opportunities of

our country have deve'oped a wonderful working power in our people. We produce more wealth per capita than any other nation. Our workmen work fast; where machinery is used it is run at high speed. In pure hand labor such as husking corn or picking cotton requiring apparently only simple movements we have developed such expertness and speed, that a person who has not acquired skill while young can never attain it.

I think the reason for this is the greater freedom and consequently more marked individuality of the children especially those raised on the farms. Children like to excel and are quick to see new actions, clever to imitate and if possible to improve on them. In work or play they constantly aim to be first. By these traits the ingenuity and inventiveness of the growing generations have been developed and a working power unequalled in the history of the world has been transmitted.

Think of it, try to grasp the full meaning that in Kansas all our cities, all our farms with their splendid improvements, all our roads, bridges, public buildings, our school houses and churches, have been produced by the labor of our people in less time than the span of one man's life.

But while making this wonderful progress in the production of everything that makes our country a fit habitation for man, thereby promoting his physical, mental and spiritual development, another growth of the nature of a parasite has also developed and devoured the largest portion of the fruits of labor viz., the financiers with their usury, the board of trade where speculation in produce stocks and bonds is carried on, and schemes for the monopolisation of the sources of wealth are hatched.

With the increased power of production caused by the superior working power of our people and the invention of labor saving machinery, the production of wealth in all branches of industry and on farms, increased very fast. More wealth is created than in any previous period in the history of the world. Yes we have produced, and do produce, more wealth per capita than any other people on earth.

Who gets it? Do we see it in the more comfortable homes, better clothing and better food for the workers—no, a thousand times no. When Charles Dickens visited the United States (in 1854 I think) he wrote "The American working man eats meat and wheat bread three times a day. I have not seen a beggar on the streets since I came here." Would he write that if he could come back now and visit our manufacturing cities?

I do not wish to harrow your feelings by descriptions of the condition of our working men in our manufacturing districts. You can get that in our daily papers. The whole nation is alarmed about it. Thousands of well-meaning, charitable people are trying to alleviate some of the sufferings. The innumerable strikes, riots, labor wars, armies of strike breakers, private armies of detectives and thugs, calls for militia or United States troops, tell the story.

How about the farmers? They surely are prosperous. Read the statistics of the value of the crops they raise, the fattened cattle and hogs, the horses and mules they sell, the hundreds of millions they get from the sale of poultry, eggs, milk, butter and cheese. Read the advertisements of the land boomers, and you will feel like buying a farm and getting rich. Yes these figures are impossibly large, but take your pencil and divide them by the number of workers on the farms, and the result is the farmers get less for their work than the average wage earner in factories. I am not stating this to set the farmers and wage earners against each other. Their interests are the same, they suffer from the same causes. The bad influence of our present currency and banking system on our industries and the injustice perpetrated on the workers, can not be adequately stated and understood without serious reflection, can not be fully grasped until the mind becomes gradually prepared for it.

However, the merely financial injury, the loss to the workers in dollars, is the more insignificant part compared to the ethical injury sustained by those who reap the gain of the system, as well as by those who are the financial sufferers from it.

No person can be the beneficiary of injustice without injury to his character; the man who gets money simply by financial manipulation, soon loses the true perspective of real life. He sees value only in money and the power it brings him. The desire to get more and more becomes unnaturally stimulated and grows stronger as it is indulged. When a man gets to the front or to the top in the financial struggle, he sees more clearly that the financial rewards do not entirely depend on real efficient work in shop, factory or farm, but that money can be made easier in influencing and controlling prices through stock manipulation. This is and has been the undeniable drift and nearly all the bank and large business failures can be charged to speculation.

The old saying, the love of money is the root of all evil, is true. It is grounded in human nature. It is the ever present battle between our better and nobler impulses with the lower passions. In other words the love of money means the desire to have power over our fellow men, to control their action and make them subservient to our will.

Our present finance system is the modern substitute for feudalism; to govern the masses through financial manipulation instead of simply using brute force. Our financial system is the culmination of devising ways and means to control the fruits of labor by devious hidden methods that blind the masses to the truth.

Perhaps the greatest evil effects of money obtained without giving service in return are the temptations toward idleness, an implied superiority over those who perform useful labor, excessive luxury and dissipation injurious to body and mind.

Our system of banking and finance with its concentration

of capital and credits gives the rewards of wealth not to initiative in starting needed useful industries, not to the best management of a factory, shop or railroad, but to the most successful speculators who win not by chance of gambling, but by gambling with loaded dice, by careful and skillful planning, by continued lying advertisements backed up by fictitious sales; often these really criminal transactions go even farther. Large dividends are declared and paid where there is no profit until the public is made to believe that shares in the so much advertised corporation are really valuable and buy. In many instances hundreds of millions are made by simply issuing new stocks or bonds and pocketing the proceeds.

Such practices are undermining the character and morals of our people. No one would even pretend that a people could support and maintain themselves by gambling. What must be the influence of practices that give the bulk of the nation's wealth to gamblers through financial manipulation, aided by monopoly privileges and the constantly active power of interest.

The rich ease their conscience by giving to charity; condole themselves by giving part of their ill gotten wealth to the poor. The poor by receiving charity lose their self-respect, their courage, hope and self-reliance. By and through this false system the great mass of people deteriorate for lack of opportunity to support themselves by honest labor.

The opportunities for the poorer and middle classes to marry and obtain homes are decreasing from year to year. Renters are increasing in the large cities, in the smaller towns, and on the farms. The independent, self-reliant mechanics, merchants and farmers are gradually growing less in numbers and influence.

The more educated professional classes are trained in conservatism and usually use their intellectual ability to defend existing conditions, rather than expose existing evils and devise remedies. The influence of wealth over institutions of higher learning is almost overwhelming, and is degrading in its character.

Because we have developed a system of acquiring wealth through speculation and monopoly privileges and have given to money the unnatural power of increase through interest, we see that wealth, which, when rightly used, is a good thing, has become a bad influence, and a menace to our further development.

STATISTICS.

We had in the United States in 1910 a population of 92,174,515. And an aggregate wealth of \$120,000,000,000, which makes the average wealth of our people about \$1,300 a person.

The value of all farm property is given at \$40,991,449,090; the number of farms 6,361,502, making the average value of each farm \$6,435. 8,565,926 persons were working on farms in 1890. In 1900 the number of farm workers was 10,381,765. In 1890 there were hired laborers 3,543,970 this leaves 5,561,865, farm owners and renters.

Any practical farmer knows that a large amount of work is done on farms by the wives and children; cultivating, ploughing, hoeing, corn-husking, cotton-picking, milking and other chores, boys and girls help with on many of the farms. Most of the farmers' wives, besides the regular house work, raise and care for poultry and vegetables, and make butter; occasionally, when the need is urgent, even field work is performed by them. According to the best of my judgment and of many farmers I have talked with, there should be 50% added to the number of farm workers not hired, for the work of women and children. On this basis we obtain for 1890, 11,346,858; for 1900, 13,367,209.

For 1910 I have been unable to obtain statistics of farm workers, but taking the same increase for farm workers as 1890 to 1900, which is considerable less than it would be on the basis of increase of population, we have 15,396,433 workers on farms in 1910.

There is another serious error in the statistical report of values of produce raised on farms. Everything raised and sold on a farm is counted in the census report, field crops, fruits and vegetables, horses and mules sold, animals sold for slaughter. Beef pork, poultry, eggs, milk, butter and cheese are the principal income on many farms.

Corn, oats and hay are principally fed on the farms to the teams to perform the farm work, to the cows to produce milk, to hogs and cattle to produce beef and pork, to poultry to produce eggs, and to growing horses and mules. The value of this corn, oats and hay appears in the horses, mules, cattle, hogs, poultry, butter and eggs sold by the farmer. I can find no statistics showing the proportion of corn, oats and hay sold from the farms. My judgment, and that of many grain dealers and farmers, is that less than $\frac{1}{4}$ is sold from the farms. $\frac{3}{4}$ are fed right on

the farm or by farmers in the near vicinity and the value appears in the stock and produce.

The corn crop of 1910 is given at 2,886,260,000 bushels, farm value, \$1,384,817,000; oats, 1,186,341,000 bushels, value \$408,-388,000; Hay, farm value, \$747,769,000; Wheat is a large item in the value of farm products. There ought to be a reduction of 10% in reporting the value of the crop, as an average of 10% is always used again for seed. The farm value of the wheat crop for 1910 is given at \$561,051,000. So we have a correction:

On value of corn $\frac{3}{4}$	\$1,038,612,750
On value of oats $\frac{3}{4}$	306,291,000
On value of hay $\frac{3}{4}$	560,826,750
On value of wheat 1-10.	56,105,100
	<hr/>
	\$1,961,835,600

This makes the value of farm produce for 1910, \$6,732,164,-400; instead of \$8,694,000,000 as reported by the 1910 census, Rye, Barley buckwheat and potatoes are often fed to farm animals, but we will let that pass.

Here we obtain the average of \$437.00 income for each farm worker in 1910, when farm products had a high value, and newspapers and everybody else was shouting about the prosperity of the farmers. In 1900 when farm products were lower on the same basis of figuring, we find the remuneration for each farm worker was \$345.00.

Some may think, considering the farmers pay no rent, unless they are renters, that since the milk, butter, eggs, chickens, potatoes, vegetables and fruit they eat are not counted, they are fairly well paid. But we must also consider there is an average of \$80.00 of interest to pay on each farm and about \$50.00 of taxes. This would reduce the average pay to each worker to a trifle over \$300.00. Besides this, the farmers have constant cash outlays for repairs and replacing worn out farm machinery, repairing and painting buildings, keeping up fences; if a grain raiser, twine bills and threshing expenses. Where is the return for the forty billions invested in farm property?

Now these figures are averages, as accurate as they can be obtained. I know very well that many farmers realize much larger returns for their labor, but that does not alter the situation. Farmers differ in ability like other people; if many farmers obtain better results for their work, then others must necessarily have less, because the total is given by the census report.

The stupendous fact remains, that the class of people who do the hardest, most useful and indispensable work receive a meager living for their labor, and no return for the capital invested. That is the true cause of the tendency of the farmers to leave the farm and move to town.

How about other branches of industry? The summary of

manufacturers for 1909 gives the total capital invested at \$18,428,270,000; the number of wage earners and salaried men, 7,405,313; total wages paid, \$4,365,613,000; cost of material used, \$12,141,791,000; value added by manufacturers, \$8,530,261,000. This leaves a balance in favor of manufacturers, over cost of material and cost of labor, of \$4,164,648,000—23% on the invested capital; average pay for salaried men and wage earners a year, \$589.

From this it appears that all manufacturers earn \$1,789,097,000 more by employing 7,405,313 men and \$18,428,270,000 capital than the 15,386,433 workers on farms using \$40,991,449,090 of capital.

The manufacturers, after paying their workers and raw material, have the nice little sum of \$4,165,641,000 left for pin money.

The farmer buys from the manufacturer the finished products, the manufacturer from the farmer the raw material; that's mutuality; but the division of earnings seems somewhat unequal.

The railroads for 1910 report stocks and bonds \$17,981,454,000; net earnings, \$919,062,312; over 5% on capital, about half fictitious. The railroads employ 1,699,420 men and pay an average wage of \$673, a year;

In the Treasurers report for 1911 we find, National banks 7,163; State banks, 12,843; Saving banks 1,884; Loan and Trust Companies, 1,251. The combined capital is \$1,919,085,741.

These fragments of statistics ought to furnish food for thought. We see that the farmers with more than double the investment of the manufacturers get no returns for their invested 40 billions, while the manufacturers get \$4,365,613,000 over the cost of material and labor, and gives larger wages to their working men than the workers on the farms get. The railroads on less than half the capital invested in farms, and their capital is admittedly about half water, have net earnings of nearly a billion. Incidentally I notice that railroad profits are smaller than manufacturers because the people have begun to curb them.

But when we come to our banking system we come to the real source of our difficulties, the root of the tree of evil. Here we find a system that with less than 2 billions of capital, 20 times less than what is invested in farms, 9 times less than what is invested in manufacturing or railroads, absolutely dominates the interest rates and credits of the country.

These banks and Trust companies with their comparatively small capital have discounts and interest bearing bonds of over 17 billions; over 8½ times more than their capital. And what is called their capital is almost entirely made up from their surplus, added to capital from time to time. They pay large dividends to stock holders but still add hundreds of millions of surplus annually to stock.

Even this does not represent the full extent of the evil. It is through the power and influence of combinations and groups of banks that selling of worthless stocks which have no real value is accomplished. This was proved by the investigation of the Pujo committee and by statements made by Thomas Lawson and other authorities on the subject.

Thomas Lawson in Everybody's magazine, states that since he began his operations on the stock exchange, \$40,000,000,000 of fictitious paper, or watered stocks and bonds have been sold through the exchange. John Moody, an authority on this subject, covering a longer period of time, states that the amount of water in securities sold is \$50,000,000,000.

Let us pause a moment and form a conception of what it means to have fifty billions of fictitious stocks and bonds sold to the public.

The average net income on stocks or corporations is, according to the report of the commerce commission $5\frac{1}{3}\%$; this on \$50,000,000,000, makes a tax on the public of \$2,666,666,660 annually. A sum so great that the human mind fails to grasp it except by comparison.

It is a sum more than double the value of the entire corn crop; over four times the value of the wheat crop; more than three times the value of the largest cotton crop ever raised; three times the value of all the lumber products; and greater by \$600,000,000 than all the coal, iron, lead, copper, gold and silver and all the other minerals mined annually.

It is a sum more than eight times greater than the pay of all the teachers of our schools and colleges; it is as much as 500,000 laborers can earn in a year; and greater than the sum that 500,000 families have to consume annually.

Now this enormous sum is received by a comparatively small number of persons for absolutely no useful service ever performed; and it is in such shape that as long as present conditions remain, it continues practically forever. Our children and children's children are enslaved.

Think it over from every point of view, then you will begin to see the principal cause of the high cost of living and the evil consequences that ensue.

We will now try to find as nearly as we can the rewards in money for those who do the work in our country. We find that on all the farms in the United States in 1910 there were 15,386,433 workers who produced \$6,722,164,400 worth of farm products, an average of \$437 a person. The number of wage earners in manufacturing establishments was 7,405,313 the wages paid, \$4,365,613,000. Railroad employees, 1,699,420; the wages paid, \$1,143,725,306.

Here we have employed as farmers and farm laborers, as workers in manufactories and on railroads, 24,738,095; that leaves 10,246,929 workers in other occupations, where earnings

are not given. Among these are laborers not specified, 2,629,262; servants and waiters, 1,560,721; clerks and copyists 630,127; draymen, hackmen and teamsters 538,993; salesmen and saleswomen, 611,139; dressmakers 346,884; seamstresses 150,942; tailors and tailoresses 229,649; teachers and professors in colleges 446,133; this leaves over four millions to about 120 various occupations, according to the census report.

Most of these enumerated belong to the class who receive small wages; even the teachers in the common schools, thousands of them in the south, receive less than \$300 a year. The average of teachers wages is said to be only \$485.00. Even among ministers, there are thousands who receive less than \$500.00. Of course professors, doctors and lawyers, get higher salaries, but their numbers are comparatively small. So I think if we average the wages of all these 10,246,929 workers at \$500.00 we are about right. This makes a sum of \$5,133,464,500.

Now we have as remuneration for all the workers on farms \$6,722,164,400; all the wage earners and salaried men in manufactures, \$4,365,613,000; All the railroad employees, \$1,143,725,306; balance of workers wages estimated, \$5,133,464.500; Annual Total return to all forms of labor, \$17,363,967,206; average return to each worker \$500.00.

Now we will try and find out the amount of returns capital obtains.

Rent from buildings in cities.....	\$2,220,000,000
Farm rents.	767,000,000
Interest on bank discounts.....	1,142,000,000
Interest on farm mortgages.....	496,000,000
Interest on Nat'l., State and municipal debt.	140,000,000
Interest on corporation bonds.....	1,608,176,000
Interest on notes to private money loaners.	576,000,000
Net income of railroads.....	919,062,000
Income of manufacturers.....	4,164,648,000

Total income of capital.....\$12,032,288,000

The city rent statistics I obtained from the World's Almanac for 1912, from figures of taxable property given there, taking the District of Columbia for a basis, which gives rented buildings 76%; owned 24%. In the larger cities the proportion of rented buildings is probably greater. I took 8% on a tax valuation of \$27,750,000,000. I think real value is higher.

Farm rents I figured on a basis of 37% of farms said to be rented, took $\frac{1}{3}$ value of products raised as given in census report for 1910. Share rents vary from $\frac{1}{4}$ to $\frac{1}{2}$ of crops raised, cash rent is usually on a lower basis. Interest on bank discounts I figured at 7%, in many states they are over 10 %; interest on farm mortgages at 8%; interest on bonds 5%.

Interest on debts to private money loaners is an estimate. There are always many loans made outside of banks, of large proportion at a fair rate of interest; but a large business of

loaning is done in all parts of the country by so called money sharks at rates that are a disgrace to a nation. In 1888 I think the commissioner of labor for Kansas, made an extended investigation and in a detailed report gave names and amounts of loans in a number of cities in Kansas, showing interest rates in many instances of over 200%. Accounts of such extortions by money loaners appear quite often in newspapers and occasionally prosecutions are made, but the evil flourishes in all parts of the United States and laws are ineffective against it. Lately I saw a notice in a paper, which I quote.

Boston, October 29, 1913.—“How a net profit of \$24,000, on a capital of \$1,000, was made by a Chicago company in four years in the small loan business, was told on the witness stand today at a trial for violating the small loan act. Miss Helen M. Foster of Winthrop, testified that four years ago she was engaged by mail to transact the company’s loan business in this city and received \$1,000 as capital. Since then she had sent back \$24,000 to the head of the concern in Chicago.” According to common report this business is very flourishing right under the eyes of our government in Washington.

One large item of interest is omitted, that would more than balance any errors in interest charges. The mortgages on city property are undoubtedly very large but I have seen no statistics regarding them and will leave the subject.

Another large item of debts not ennumerated here are debts that are due merchants. There is always a large volume of such debts, especially for farm machinery. These debts are usually in notes and carried by the merchants, so they do not appear in the bank statements. Then I have been unable to obtain figures of the dividends of Insurance Companies, Street Car Companies, Water Works, Light plants, Navigation Companies, Express Companies, Telegraph and Telephone Companies.

There is no doubt that the income from capital is much larger than the figures I give, probably nearly half of the returns that labor obtains.

Unfair and unjust as is this robbing of industry by capital, the sums taken by these methods are only a small portion of the injury perpetrated. The recipients of income from capital are comparatively few in numbers, and most of them spend only a small amount of their income the balance they re-invest again.

As long as business is in a prosperous condition and investors have confidence, all this new capital from savings is used in new ventures, so that labor is fairly well employed and manufacturers and merchants find a market for their products. But when the more cautious and better informed bankers and capitalists know that the indebtedness of the country has come to a point where it is dangerous to further increase debts, they refuse credits and use all means to decrease their outstanding debts. Then these savings of capital are not loaned and used in employing labor, but appear in commerce as under consumption.

In other words, those who have the income do not wish to buy, the average income of labor is reduced from unemployment, and the result is a large number of the consumers have not the means to buy.

This condition reacts first on the retail merchant, then on the jobbers and manufacturers. As their business decreases, they are forced to discharge some of their employees and the evil of underconsumption grows worse. If capital would use their surplus income in employing labor, then the wheels of industry and commerce would turn again in the usual order, or if the government would employ idle labor as I suggest in another chapter.

This is the condition we are in now, and it will continue with increasing bankruptcies and general shrinkage of values, until debts are largely liquidated and manufacturer's stocks reduced.

Think of it. To all who perform useful services with brain and hands. \$17,363,967,206.

To capital without performing useful service, \$12,032,288,000.

59% for useful efforts.

41% for privilege, interest and monopoly; and still writers on economics and politicians blame the high cost of living to almost every cause except the principal cause, that capital takes the lion's share and charges it to the price of goods, or takes it from the workers.

Am I my brother's keeper?

Are we living in a free country or are we slaves? What are we going to do about it?

WHAT REWARD SHOULD CAPITAL HAVE?

The question, what should capital have, is very important. We will consider capital under two forms, as money loaned out and as capital invested in farming, manufacturing, or commerce. A large proportion of farmers, manufacturers and merchants, seem to be obliged to use borrowed capital. We will not moralize here, nor will we discuss the question of interest in the abstract. We are simply considering facts and conditions as they now are.

The evolution of money and banking, as we have it now, has a long history. Banking is a good devise, adapted to the needs of modern business. Money is an artificial thing, that by common consent, and legal enactments, is a legal tender for payments of debts and taxes. It is also a medium of exchange; for money a person can obtain almost everything that is made; with money one can hire almost any ability or brain power in existence.

The working man tries to turn his labor, the professional man his knowledge and skill, the artist his accomplishments, into the common medium of exchange—money. The farmer must raise crops and after preparing the soil, sowing the seed, cultivating, harvesting, threshing and hauling to market, he obtains the object for which he worked—the money. The manufacturer has often a very complicated process. He must buy raw material, he must have buildings and many kinds of machinery, must put his raw material through many processes, and finally gets it finished, sold and the money for it. The merchant has a shorter but still a very complicated process, until he turns his efforts into money.

In farming, manufacturing and merchandising, the personal element, the judgment, energy and working power, are all important factors. Success or failure often hinges on a single item. If a farmer has some better way of doing things, or uses more improved tools or machinery, his neighbors will see it, imitate him and gain by it. The same principle operates with the manufacturer and merchant. In all these avocations there are great risks; with the farmer important factors are the influences of weather and the ravages of insects and epidemics among his live stock. The manufacturer has to contend with breakages of machinery, change in style of goods, new inventions that make his old machinery useless, fluctuations of market, etc., considering all this, it seems fair and reasonable that

if a man by better management makes greater profits he is entitled to the benefit.

It is only when through the largeness of operations and especial cunning, parties obtain monopoly privileges, that we should interfere.

The point I desire to make is that capital, invested in any kind of productive industry, is always taking risks, and the returns are influenced by these unforeseen risks, and by the ability, judgment and efficiency of the management. For this reason profits are justified and even needed as an inducement for men to engage in the various industrial enterprises.

Now the returns from these ventures, when completed, appear in the form of money; the largest part is always used in living expenses, but in the aggregate, there are large sums saved. It is impossible to obtain exact figures on that subject. One financial authority claims the savings of capital available for re-investment annually in the United States is \$800,000,000. Farmers use most of their savings for new improvements on their farms, although there are large sums of savings loaned out by farmers. Of course these loans by farmers would not be included in the above stated sum.

Observe that returns, profits or savings to capital in the various industries, can hardly have an injurious influence on the welfare of the people, except as those engaged in these industries acquire monopoly privileges. The re-investments of profits in enlarging plants, in putting in improved machinery and farm improvements, is rather a benefit to the community than an injury. It is when savings are re-invested again, in the form of money loaned out, that the injurious effect on the community begins to appear.

It is a well known fact that when people loan money they are very careful to have security that insures the interest and principal beyond any reasonable doubt. The figures I gave in the preceding chapter prove that, on an average, farmers obtain no profits from farming, hardly decent wages for their work. They have only their living for their work. This applies to farmers where land values are not rising. In a few states they obtain considerable advance on the price of their farms, but that is a temporary condition, and does not help the farmer who does not wish to sell, does not increase crops nor cause higher prices. On the contrary it has an evil effect on the farmers, as it stimulates and encourages the speculative spirit.

Judging from observation and experience and the statistical reports of failures by merchants, most of them have a hard time to make ends meet. So it is with the small shops and manufacturers. In short, the capital invested in farms, in stores, in small shops and small manufactories brings generally small, and frequently no returns at all. It is only when we come to large concerns, where they have obtained special privileges, that large profits appear. Even averaging up all the savings of the nation,

including the enormous profits of privileged business, the average saving of the nation is below 2%.

Population in 1870, 38,558,371; wealth, \$30,068,518,000; per capita, \$779. Population in 1880, 50,155,783; wealth, \$43,642,000,-00%; per capita, \$850; increase of wealth 9.1%. Population in 1890, 62,947,714; wealth, \$65,037,091,000; per capita, \$1,038; increase 22.03%. Population in 1900, 75,994,575; wealth, \$88,517,-306,775; per capita, \$1,164; increase 12.14%. Population in 1910, 92,174,515; estimated wealth, \$120,000,000,000; per capita, \$1,300; increase 11.68%.

This makes an average increase of wealth for 40 years of 1.373%. Only a little more than 1½% per year.

In view of these facts, it only needs common sense to see that when money loaned out brings on an average three to four times greater returns, than unprivileged business can earn, than the average of all the people can save, that we have permitted an element to enter into our industrial system that can only bring ruin, bankruptcy and panics.

It will not do to say that everyone has a right to make all he can. There is and must be a limit to the grasping of wealth. We must not forget that capital, while it obtains wealth, does not produce wealth. Capital grows either by rent, often obtained by owning high priced land in large cities, the value of which has been created by increase of population rather than any efforts of the land owners, by interest and dividends or profits, obtained through special privileges, such as tariff or rebates on freights or agreements on prices.

We must make a distinction between those who possess and still are accumulating, enormous fortunes, who obtained and still obtain them, simply by the power of capital, through rents, dividends or largely watered stocks, and interests and those who save through better management, greater industry and economy. They are usually the most useful people, and their accumulations can never become dangerously large except through the power of interest.

In other words we positively must squeeze the water out of stocks, abolish special privilege and have a money and banking system under which idle money (that is, money which the owners do not need in their avocations, and do not wish to invest on their own account) can not bring returns in the form of interest, greater than business without special privilege can possibly earn. Money must be the servant, not the master of our industries.

It is altogether too much to expect, under our present banking system, which controls credit and interest, and through them, wages of labor, a lower rate of interest can be obtained. The tendency at the present time seems to be for higher interest rates. Those who enjoy special privileges never voluntarily surrender them. So far, it has been impossible to pass laws that have effectively regulated interest. Nearly every state in the

Union has laws regulating interest, but there is not a locality, not a town or city, without its usurers who fleece those in real distress by charging interest rates far above what the law allows and often as high as 200%.

Even the banks, at least many of them, violate the law and take more than legal interest. Of course they insert the legal rate of interest in the note, but the discount may be much larger than the legal rate. The note must be paid or renewed when due, so the interest rate, inserted in the note, is only a blind.

A worse form of getting more than legal interest is practiced by many bank officers, to such an extent that the comptroller of the currency in his report of 1911, made the following statements and recommendations on the subject of officers of National Banks receiving commissions for compensation on loans made by their banks. "An amendment forbidding any officer of a National Bank to directly or indirectly receive or accept money or other valuable thing from any borrower from the bank of which he is such officer, should also be enacted.

The dishonest practice by officers of National banks of receiving personal compensation from loans made by the bank, is a growing evil and has already reached such proportions as to call for criminal legislation on the subject. In this manner either the bank is defrauded of lawful interest, which it would otherwise receive, or usurious interest is exacted of a borrower by a corrupt officer. A secret reward to the officers is sometimes a deliberate bribe for obtaining a loan on insufficient security.

It is recommended that the taking or accepting of money, or other valuable thing, by any officer of a National Bank for his own personal use as a reward, inducement, or consideration for obtaining the loan from the bank of which he is such officer, shall be made an offense and punished by imprisonment in the penitentiary.

A law should be enacted determining the period during which any person can be prosecuted, tried or punished for offences under the national bank act."

Occasionally some person, or paper, makes an exposure, some arrests, even convictions, are made, but a change in method follows and again the robbery is carried on.

There is only one way to prevent usurious interest and that is by government assuming and conducting the entire money business of the country. There can be no half way measures about this. The entire evil system must be rooted out. Only the government through its officers must be permitted to receive deposits and loan money.

WATERING STOCKS AND BONDS.

Modern industrial progress, with its rapid growth and immense profits, has stimulated the love of money to a fever heat. To start new or enlarge old enterprises, always demands more money. The largest portion of all manufacturing, transportation and mercantile business is transacted by corporations. The money needed is raised by selling stocks and bonds.

It is a common practice, when a trust is formed, that is, when a number of private concerns, partnerships or corporations, sell out to a trust, to increase the capital stock, often 3 to 10 times the real value. If the business is prosperous then, after a while this surplus stock, which is really not needed in the business, is listed on the stock exchange and offered for sale.

This method of acquiring wealth is very tempting. There is a tendency in all of us to try to get something for nothing, and most men have a sort of admiration for those who can do this, especially when it runs into millions.

Fortunately or unfortunately, depending on our own standpoint, the true laws of business, or the natural laws of the universe, do not permit such actions to go unpunished. It creates disorder and inharmony. It violates the true law of reciprocity. Everyone should give value for everything he gets. Nothing else can really satisfy.

We are now beginning to reap the fruits of this evil doing. Everywhere people are complaining and inquiring about the high cost of living, about the hard conditions in which the masses are compelled to live. We all know there is something wrong, but that is not sufficient. We must know definitely just what is wrong, and how to right that particular wrong. I think, if you follow me in this inquiry, you will find out.

Most of the stocks and bonds are sold through the New York stock exchange, but they can not be listed there until certain rules and regulations of the stock exchange are complied with. It is commonly believed that stocks or bonds listed on the New York stock exchange are safe and sound. The very fact that they are listed there is considered almost a guarantee of their value, and bankers and other money loaners accept the quotations of stocks and bonds as a basis for securities.

Usually there are groups of banks that underwrite new issues of stocks and bonds. After banks have agreed to float certain stocks and bonds, perhaps bought them outright, it be-

comes their business to create an active demand for them. For this purpose the stock exchange offers the best opportunity. The machinery for that purpose is all there. At the daily sessions, under an inconceivable excitement and noise, the stock brokers offer their wares for sale. This proceeding is repeated in a small way in thousands of cities all over our broad land. A ticker, so called, an electrical contrivance which gives the sales of the various stocks and products as fast as electricity can travel, is in every room.

This business of gambling in stocks, bonds, wheat, corn, cotton, pork, lard and butter, probably uses more money, demands more credit, ruins more business men, all through our land, than anything else. It has been developed, encouraged and advertised in such glowing ways, that the lambs, as the victims are called, flock in, in a constant stream. The buying and selling of things, merely for speculation, does not increase values. What one gains, another must lose. Besides it requires large expenses to conduct this business. It needs very expensive apparatus, buildings, offices and men. The privilege of doing business in the stock exchange of New York costs from \$50,000 to \$75,000 a seat; in smaller cities proportionately. Such services are paid in the form of commissions.

Games of chance are very attractive to human beings, but in this country public opinion has decreed that they should not be permitted and we have passed laws against gambling. Still there is gambling, and professional gamblers have invented methods such as marked cards, loaded dice, secret accomplices, by which they almost surely win. This is considered very dishonorable. But the Board of Trade where millionaires gamble, where the largest and most powerful financial interests are deeply involved, is considered very respectable.

Besides the exposures of Thomas Lawson in Everybody's magazine, we have now the very valuable report of the Pujo committee to bring incontestable proof that groups of banks join together to buy millions of stocks and bonds, and form what are called pools. This means that they agree to buy and sell about the same amount of these stocks every day; buy a little more than they sell, when they want the stock to go up; sell a little more than they buy when they wish the stock to go down.

There is one instance given by a sworn witness before the Pujo committee, viz. The Columbus Coal and Iron Company. The price of this stock through these manipulations, was forced from 24 to 92½ in the course of nine months. At that time the company was earning only half of one per cent. Later the price broke in a few hours from 88 to 25, bankrupting three firms and causing heavy losses to many others.

Another case is the California Petroleum Company with \$32,000,000 of stock. A group of bankers, 104 in number, (a) three corporations affiliated with National Banks, (b) one trust company in New York, (c) 24 officers of banks, among them officers of four national banks in New York, two in Chicago, one

in Detroit. In this deal the bankers made a profit of \$1,784,338 in cash and \$2,572,845 in common stock, which they sold later at 40 and 45. This profit was made before the stock was placed on the stock exchange. After operations commenced on the exchange, stock rose from 50 to 72 in 21 days, there were 362,270 shares sold, over 3½ times the amount of all the stock.

After examining many witnesses, several former governors of the exchange, the committee states "The practices thus approved by the authorities of the exchange, not only deceive the great body of the public, as to the true state of the market, and whet their appetite for speculation, but debase and make impossible of fulfillment the high office of the exchange as a register of the current values of securities, and draw from the channels of legitimate trade and commerce millions of the country's capital."

Without going into any more details, I will conclude this subject by stating that the Pujo committee report proves beyond all reasonable doubts that the great banks controlled by J. P. Morgan and Company, First National Bank of New York, National City Bank of New York, Lee Higginson and Company of New York and Boston, Kidder, Peabody & Company of Boston and New York, Kuhn, Loeb & Company, New York, have been the agents of concentration. They have 118 directorships in 34 banks and Trust Companies; 30 directorships in 10 insurance companies, 105 directorships in 32 transportation systems; 63 directorships in 24 producing and trading companies; 25 directorships in 12 public utility corporations; In all 341 directorships in 112 corporations, having a capitalization of \$22,245,000,000. These banks have negotiated stocks and bonds since 1905 of \$3,607,512,637.

It was also proved that the various groups of banks never bid against each other, not even when new issues are offered. If a corporation issuing stocks or bonds starts to do business with a bank, they must continue with the same bank.

It is evident from these facts that these groups of banks to a large extent, control not only the price of stocks and bonds, but also the rate of interest. Legitimate banking makes large profits, but the enormous profits that these associated banks make, some of them over 1,000% on the original capital, are not the result of regular banking, but flow from commissions and profits from dealing in stocks and bonds, and from their united power to influence prices on the stock exchange; in other words, from gambling with loaded dice.

As an example of profits made by banks prominent in these transactions, I give the history of the First National Bank of New York. The history of J. P. Morgan's bank would probably be still more interesting, but not being a National bank it is not available.

The First National Bank was organized in 1863 with a capital of \$300,000, which was increased the next year to \$500,000 where it remained until 1901, when it was increased to \$10,000,000

—100,000 shares—through the declaration of a special dividend of \$9,500,000—1900% on the existing capital stock. The surplus is now \$15,000,000; and undivided profits \$5,896,827. George F. Baker is the ruling spirit. From 1874 until recently he was President, and is now chairman of the board of directors.

Besides doing the ordinary business of a National Bank, it acts as an issuing house for corporate securities, usually in syndicates with other such houses, rarely alone; it is a large lender of money on the New York stock exchange. From 1889 to 1901 dividends were paid at the rate of 100 per cent per annum on a capital stock of \$500,000. In 1901 there was a dividend of \$10,750,000—2,150 per cent—\$9,500,000 of which was declared for the purpose of increasing the capital stock to \$10,000,000. Yearly dividends on the increased capital stock have been: 1902, 1903 and 1904, 20%; 1905, 26 $\frac{1}{4}$ %; 1906, 26 $\frac{3}{4}$ %; 1907, 32%; 1908, 126%; 1909 and 1910, 28%; 1911, 38% 1912, 33%.

From these figures we see that these banks, who control credits and interest rates, are not sufferers in times of panic. They know when panics come; they can make them. They reap the richest harvest when others are in greatest financial distress.

National Banks are by law not permitted to deal in stocks and bonds, and the comptroller of the currency had advised the officers of the First National Bank some years before. Not wishing to conflict with the law, these gentlemen organized a Security Company with the same officers, the same board of directors, doing business in the same building. They must be law abiding and respectable in order to retain the confidence of their customers.

The stringency of the money market and inability of merchants and manufacturers who can offer good securities to borrow money, is undoubtedly largely caused by the enormous demands for money from speculators. Bankers who make the enormous profits stated above, naturally prefer to use their money where they obtain the greatest profits. The amount of money loaned in New York for speculation on the stock exchange, can not be ascertained, but 32 banks and trust companies who have been examined by accountants of the Pujo committee showed that \$766,995,000 of loans were made at that time. Of course there were many more loans as 32 is only a small proportion of New York Banks and Trust Companies.

Other evils of our banking system: While bankers are well organized and co-operate together against any attempt to abridge their privileges, they are not exempt from human weaknesses and imperfections. Their calling tends to stimulate selfishness and avarice. Jealousies and envy are often very active between rival banks. If an opportunity offers to cause a run on a rival bank by helping or even starting unfavorable rumors regarding their financial conditions, bankers have been known to participate in such actions.

All large cities have clearing houses. Briefly stated, the process of clearing is as follows: At the beginning of each business day each member presents at the clearing house all checks against other members deposited with it up to the close of business of the preceding day. Accounts are stated and in the afternoon every debtor member brings the amount due from it to other members, to the clearing house, which on the same day pays it over to the creditor members.

In 1911 checks to the amount of \$92,420,120,091.67 averaging \$305,016,897.99, daily, were collected through the New York clearing house Association. It required only 4.7% of the money that would otherwise be involved in the transaction.

Only banks with at least \$1,000,000 of capital can become members of the clearing house, but smaller banks are permitted to clear through a full member bank. However, the privilege of clearing may be withdrawn at any time. In October 1907 two Brooklyn banks clearing through the Oriental Bank, a full member bank, were refused the privilege on one day's notice and the next day they both failed although as proved later on they were both solvent.

The same arbitrary and seemingly spiteful methods are pursued by the clearing house regarding clearing house certificates.

I quote from Pujo Committee report.

"At times of extreme stringency in the money market notably in 1893 and 1907 they have issued to members without authority of law, on the security of their assets so called loan certificates, which without payment of the circulation tax of 10%, passed as currency in some cities as in New York, only amongst the members to pay balances at the clearing houses, but in others amongst the general public as well. In 1907 upward of \$250,000,000 of such certificates were issued." Again.

"In the absence of governmental control, as at present, they also place a dangerous power in the hands of clearing house associations, which determine to whom, the certificates shall be issued and when they shall be retired. As the associations in this regard act through small committees, a bank will often find the decision upon its application for assistance resting with its keenest competitors, with no right of review." Again.

"Thus in the panic of 1907, the Mechanics and Traders Bank a member of the New York association, with deposits around \$12,000,000 was compelled, like many banks in good standing to apply for aid in the way of clearing house certificates. The Mechanics and Traders applied for and obtained clearing house certificates to the amount of \$2,100,000 giving collateral having the face value of \$6,373,252.52. Subsequently on January 25th 1908 (Mr. Woodward having succeeded in the meantime as chairman) the Mechanics and Traders and three other banks were notified by the clearing house committee, that these outstanding certificates must be retired within a certain time. The notice was published in the newspapers, and a run on these

banks ensued, resulting in their closing. Within 40 days the Mechanics and Traders Bank paid its indebtedness to the clearing house association in full." Again.

"91 clearing house associations, including those of nearly all the larger cities, requires members to charge a specified rate, uniform in each association for collecting out of town checks, except those drawn on banks at certain named points. In the New York association which is typical of this class the penalty for the first violation of the rule is a fine of \$5,000 and for the second expulsion."

One other instance: "The clearing house association of Salt Lake City has adopted amendments investing the association, not only with power to regulate the rates for collecting out of town checks, the rates of interest on deposits, and the rates of exchange, but also such matters as the hours for opening and closing, and even the amounts that should be charged for check books. The Pittsburg association has a similar amendment pending."

These quotations from the Pujo committee report give only a small idea of the work covered, and I would ask all who really desire to obtain reliable information on the far-reaching evils of our finance and banking system to obtain a copy and read and study it. The unfortunate part about this report is that the committee, after being in possession of all these facts from records and sworn testimony, made very tame recommendations to Congress which did not reach the root of the evil. Then the house passed the Glass Bill, about which no two men have the same opinion regarding the probable effect, and which leaves out entirely the most important question of helping the people to get more reasonable interest rates.

Strangest of all, the public press and our politicians are practically dumb on this most important subject. I hope and trust that the women, who are voters now, will have more good common sense than men, about this greatest of all questions which effects the high cost of living. It seems the men are all hypnotized by fear of offending the money power. We, the common people, the great mass, might as well understand that those who enjoy special privileges and through these privileges rob the masses, will never surrender one iota until our politicians and the press, hear our insistent demands for a definite fundamental change in our system of finance and banking. If we want a government for the people, then the people must act, must study and understand what they want, then work to get it.

Another thought in this connection: The enormous sums of money made by these transactions, of booming stocks and bonds by regularly planned campaigns of speculative sales, to load on to the public worthless or, as commonly called, watered stocks, is shifted onto the broad shoulders of the masses and appears in various forms. It may be in smaller salaries or wages, or higher prices of the things we must buy. So are the very large sums of commissions the bankers get for marketing bonds and stocks, as well as the great sums of interest collected.

The largest portion of these billions are absolutely taken from the public, stolen we might properly say, without giving value in return. The saddest part of all is, that this burden is not only for us as long as we live, but for our children and their children practically forever. By permitting this monstrous evil, we are practically enslaving our descendants. Debts in the aggregate are not paid, they are constantly increasing, must increase, because the interest rate is above the earning capacity of the nation. Of all the crimes, the crime of saddling debts onto the coming generations is the blackest. When a man makes a fortune by useful inventions, by a great scientific discovery, by great works of art, or even by making two blades of grass grow where only one could grow before, there is some fairness. But fortunes that are being piled up through these shady financial manipulations, even if they are legal, are robberies, pure and simple.

THE REMEDY.

I have shown in preceding chapters how interest, being double to treble the amount of what business without special privilege or farming can make, is the principal cause of the high cost of living. That it can only be paid out of the products of labor, that it will cause lower wages under same conditions, and higher prices to consumers under other conditions has been proven. To reduce interest rates by law is impossible, since such laws have never been enforced.

Banking for public good, instead of banking for private profit, is the only solution. The best thing about this proposition is that, besides overcoming the opposition of those interested in private banking, there are no serious difficulties to overcome. We hear much talk now about public ownership of railroads, and it will probably come some time. The magnitude of that undertaking would be very much greater than public ownership of banking.

The capital stock of all banks and trust companies is less than two billions; the stocks and bonds of all railroads about nine times greater; the number of persons employed by railroads about 5,000 times greater than those in banks. The executive ability, scientific knowledge and technical skill required for the successful operation of a railroad is incomparably greater than the requirements of these qualities for successful banking. Banking consists, principally, in exact bookkeeping, and good judgment regarding the financial standing of borrowers. Of course, banking as it is now conducted, requires a certain ability of a very high order, to satisfy greedy stockholders, who are only concerned with obtaining large dividends; and refusing daring promoters who offer large commissions to bank officials in order to obtain loans on shady securities. This kind of ability would not be necessary in banking for the public good.

If it were not necessary to first arouse the people to overcome the united opposition of all the big and little capitalists, the herd of politicians and the influence of most of the great papers, public banking could be inaugurated and the people would not be disturbed in their business pursuits. Customers of a bank would, in all probability, find the same faces at the bank counters when they came to transact business, because the government, would naturally want men of experience in their employ. With no desire to make profits there would be no difficulty about managing banks. The difficulties and failures of

banking under our present system result from the desire to make large profits. The bank officials understand that, and know that their usefulness and salaries depend on the profits they can make. On that account they are tempted to take risks in loaning to promoters of doubtful projects. Speculators are the men who are willing to pay high rates of interest and large commissions or shall we call them bribes. Very often it is through officials of a bank, directors, close friends or relatives, that doubtful loans are made. All this would be obviated with government banking. There would be only one consideration; to take all reasonable precaution that loans were safe, and with that point guarded, every one would be served alike.

There would be a central board of directors for general supervision; and a local board of directors for each bank, familiar with local conditions, who would study the question of security and consult with the bank officials. The central board should make rules that would be posted in every bank. These rules ought to give the rate of interest paid for time deposits, probably 2% as postal banks pay now. The rate of interest charged for loans should I think be 3%. This of course would only be tentative. Careful observation and systematic study, would in the course of time give knowledge and experience to determine just what rate of interest would be best for the greatest benefit for all. This rate of interest would undoubtedly leave a surplus which ought to accumulate until it was considered sufficient to cover any occasional losses that might occur.

There should be no credit given to speculators, or gamblers. If they must gamble let them do so with their own money. The general policy would be to induce men to reduce their debts whenever practicable. However to honest, striving men, deeply involved in debt, but possessing means to work out in time, all possible consideration consistent with safety should be given.

One class of borrowers should be encouraged. That is, men who have saved a little money and want to buy or build a home in town or country. I consider there is nothing of greater importance to a nation than to encourage and assist men to become home owners; and when a man has been saving some of his earnings, the government could well afford to loan the balance on an amortization plan. By this method, paying less than interest rates now charged, a man could pay interest and principal in 30 to 35 years. This could easily be done by paying 5% annually and in about 30 years the debt would be paid, and he would be the owner of a home, by paying less than he would have to pay in rent now.

For instance, consider a house that would cost with lots, \$2,000. A man should be required to possess at least \$500; that would necessitate a loan of \$1,500 at 5%, of \$75 a year, probably about half of the usual rent charged now for that class of a house; and he would be paying interest and principal at that rate. A man buying a farm would pay only about half as much in interest as now, and still reduce, and finally pay the debt, with-

out special effort. He could buy and pay for a farm by paying less annually than the average rent paid now, save the expense, time and effort to find a new place to rent, and the cost of moving. On all such loans, the privilege would be granted to pay off the debt sooner, at the option of the debtor.

The much reduced interest rate, resulting from public banking, would greatly assist in making public improvements. Under our present system, after bonds are voted, there is usually quite a large commission to some bank to sell the bonds. This would all be done away with.

The greatest benefit of public banking would be that it would offer an effective remedy for panics. Public banking can not prevent bankruptcy. Parties who can not manage their business must ultimately fail; but public banking can prevent the largest part of failures that occur in times of panic.

Take the latest general panic we had—1893. Horses, at the home market, depreciated over half in value in less than 6 months; stock cattle also, and farm values dropped over half in value and there was no perceptible recovery for many years. Town property all through Kansas, at least Central and Western Kansas, was simply dead property and could not be sold for cash at any price. I don't want to dwell on the horrors of those times! No one knows the number of homes that were lost and broken up during those years.

I only want to say, when a panic comes again, and it is sure to come unless we change our finance system, it will be even more destructive than the panic of 1893. In April, 1893, a few months before the panic started, the bank call gave for Kansas, 447 state and private banks, with deposits of \$21,977,914, and reserve fund of 56.32%. After the panic banks kept decreasing in numbers, till December 24, 1897, when there were 372 left. Now we have 899 state and private banks and trust companies; nearly 5 times more deposits. But according to the last call, that I have seen, June 14, 1912, the reserve fund is only 32.20% and discounts over 88 millions. How long would the bankers State guarantee fund last if a real panic started? How long would the bankers be allowed to refuse to pay depositors?

With over 150 millions bank discounts bearing interest in Kansas State and National banks, at a rate of over 8%; with bankers' net profits about 24%; with a tremendous mortgage indebtedness on farms and city property bearing generally from 6 to 8% interest; can we expect anything else but a general panic, in other words, liquidation by bankruptcy? This is the method by which the wealth is concentrated, the way by which the big fish swallow the small ones. To better understand read again the history of the First National Bank of New York as given on page 35. There is reason in all things. Experienced financiers understand that panics must come to liquidate the steadily increasing volume of debts. They possess inside information regarding the volume of debts. So far they have been able to prevent any complete collection and tabulation

of all debts. The combination of bankers and officers of insurance companies may at times loan more money outside of bank discounts, than is loaned by banks. These combinations can delay or hasten panics but they can not entirely prevent them. The combined bankers can always make big profits out of a panic because they can time it and prepare themselves for it.

With government banking, accurate knowledge of all outstanding debts would be one of the first measures required and accomplished. Then there would be only the debts made through the government banks, and an account would be kept of all the old debts cancelled. All these transactions would at regular intervals be tabulated and published. There would be daylight on this very important subject.

The directors controlling the entire government system of banks could, by organizing a system of business and farm reports, have reliable information at all times regarding business conditions and, through their power to control interest rates and credits, could always prevent violent fluctuations in business and prices. Real prosperity of a people means steadiness in volume of money and credits, assurance of the same policy and constant efforts to discourage and prevent speculation.

The rewards of business, manufacturing and farming should go to those who are the most efficient in doing things the best way; and to those who have the initiative to plan and start new ventures, use new inventions and scientific discoveries, to attain higher achievements in any direction; and not to the mere accumulation of great capital, through reinvestment of dividends, interest and rents.

Some will ask, would not the adoption of government banking, and the low rate of interest for money, drive capital away from our country to foreign countries? I think not to any great extent. Capitalists have bought millions of bonds bearing only 2% interest. Postal Savings Banks pay only 2% interest now, and deposits are steadily increasing. In most foreign countries incomes are taxed at much higher rates than here. Opportunities for investments in all kinds of business enterprises are better in this country than in foreign countries. No one can tell the extent of the new impulse in all branches of industry, if all the able, bright minds that are now almost entirely devoted to simply manipulating stocks and bonds, running the price up or down as is to their interest, by any kind of rumor or argument, were compelled to use their capital, their intelligence, their push, energy and initiative to promote and operate some real and useful industrial undertaking. And greatest of all would be the moral benefit to them to be actually attending to useful occupation, producing things that are of general benefit to mankind.

It is sometimes stated that we need the stock exchange to finance big business. I think this is a mistake. One of the largest industries we have, the iron industry, was in the most flourishing condition before the organization of the Steel Trust.

There had been for a series of years steady increase of output, and a tremendous increase of foreign business. This had been accomplished without any especial organization to boom stocks and bonds, and with many comparatively small plants in operation. Through the organization of the Steel Trust, by buying up some plants at three times their value, and then injecting about \$700,000,000 of water into the stock, the concern was crippled and it took many years to bring the business to its former output. Before the organization of the Steel Trust the manufacturers devoted their time and energies to actual production. When the steel trust era developed, manipulation of stocks, securing control of iron ore deposits, coal mines, transportation companies, etc., became the principal business. In these manipulations the big fortunes were made.

By government banking every legitimate demand for money could be supplied through the government banks, and I venture the assertion that we would need no new issues of money, except as the volume of business increased; yes I think we might have an increase of 25% in the volume of the entire business of the country before any increase of the volume of money would be needed. Of course there would be no difficulty whatever for the government to obtain more money, if there was any need of it. The government credit is good beyond all doubts, and could be used any time for new issues.

To illustrate: If a large city, having waterworks, could invent a process by which all the water used for any purpose, could be collected in a reservoir and purified again, and pumped in the supply reservoir, the city would need no outside supply, except sufficient for the increase of population. The original supply would need to be large enough to last until the process of collecting and purifying the waste water could be accomplished.

Government banking would furnish that reservoir for the people's money. All the money in the country, after being used, would quickly find the way into the general supply reservoir, the banks. In the matter of money supply we need only one reservoir,—the banks. Suppose a railroad needs 50 or 100 millions; it would have only a slight effect on the condition of the banks. The railroad company would check out the loan, the checks would in a few days, some of them the same day, be deposited in some bank again. The so-much-talked-of scarcity of money on account of moving the crops, would have no effect on the condition of the banks. The grain dealer might have to borrow from a bank to pay the farmer for his grain, but the farmer would deposit his check again in the bank. With perfect confidence in the solvency of government banks, with all jealousy between banks removed, with no necessity for large reserves, and a ready transfer of credit to any bank, the use of checks would be largely increased and the money to effect exchanges much reduced.

We can have a money and banking system that answers all purposes, that can supply all legitimate demands for money at all times, by adopting government banking. No man needs fear

that he can not obtain credit as long as he is solvent; if men would still fail in business it might fairly be supposed their own fault.

On the other hand it would be harder for promoters to obtain money for dubious projects than it is now. Laws with a severe penalty should be passed for any bank officer to receive a bribe to grant a loan. The giving or even offering of a bribe should be considered a crime punishable with imprisonment. I think notwithstanding much talk about the general corruption of politics, there are few corrupt practices among public officials. The Post Office department, the Revenue Service, the Army and Navy officers handle large sums of money and there are very few scandals. Fraud and corruption are mostly found where it is impossible to produce convincing proof, where contracts are let or privileges granted through laws. Where men handle money by proper bookkeeping every error can be found and frauds discovered. The only point would be in accepting and giving bribes for improper loans. That point should be properly safeguarded.

There is no reform measure that could accomplish as much to reduce the high cost of living and benefit the industrial life of all classes of our people as the adoption of government banking for the public good. This is the foundation stone of all other reforms and the easiest to put into practical operation. When this is accomplished then all other reforms will become easier.

But I hear a working man exclaim, what good will it do me if interest rates are lowered so that farmers, merchants and manufacturers can borrow cheaper money. I can not borrow because I could not give security. There are more working men than farmers, merchants and manufacturers combined, and their interest should be considered in every reform measure proposed. While it is true that a man who can not give security could not borrow money from a government bank, it still remains a fact that all working men would be greatly benefitted by government banking for public benefit instead of private profit. Government banking by lowering interest would save enormous sums to borrowers which would result in lower prices for all kinds of goods, and higher wages for the workers. Again by lower interest rates many working men who have saved part of their wages would leave the ranks of wage earners and become self employers in various avocations, thereby giving better opportunities to remaining wage earners.

The change from the present banking for private profit to banking for the public good is in itself quite easy to accomplish. To arouse a public sentiment sufficiently strong to pass the laws necessary to make the change is a task that will try the metal of the American voters. It is true the numbers of those benefitted by our present finance and banking system is comparatively small, but their influence is large. It will be the largest task the American voters ever undertook but it is not impos-

sible. Just try to realize the enormous burden that banking for private profit throws on the masses of the people, the injustice of it, the train of misery that follows in its wake; yes, the disgrace to the many to allow the few to rob them by this system.

The question will be asked, if interest is such a very dangerous thing why not abolish it entirely. It will be just as easy to do away with it altogether as to reduce it half or two thirds. There is no man living now wise enough to know whether there ought to be any interest on money, or what the rate should be if interest is charged. The necessary expenses of banking would naturally have to be paid by the borrowers, but whether eventually those who deposit money in the banks will get interest is another question. We need not worry about that. After we are fairly started in looking at the government as really existing for doing something for the masses instead of only for the classes we will form the habit of observing the tendencies of measures. We will have experts to observe, tabulate and publish facts about the public welfare. We will know about the income of the workers, the cost of living, the amount of debts, the amount of interest, dividends, rents and profits annually paid. We can then find out what effect interest rates really have. There may be times when it will be necessary even with banking for the public good to raise interest rates to check undue expansion of business. But no corporation or person must be permitted to gather fortunes by the ruinous power of compound interest. If occasions should arise when high rates of interest should be charged the income from it should go to the public treasury, not to private parties.

Banking with only the object of public good, will furnish the means and methods of observing the effects of low interest on business, on farming and manufacturing. Indiscriminate credit at a low rate of interest to all who could give good security would undoubtedly lead to the wildest real estate speculation imaginable. This must be guarded against and I will have more to say on that subject in another chapter.

Government banking could and should help all who are now in debt, but in a condition considering their property, their character and business ability, where they have a reasonable prospect of working out, and saving themselves from bankruptcy, if they could have time and a low rate of interest. There are now millions of such among our business men, farmers, and mortgaged home owners in the cities. The nation can ill afford to let men lose their all if a panic comes, as it is sure to come sooner or later under our present finance and banking system. When men are hopelessly in debt it would be useless to give them credit; it is even better for them to take a new start.

The general aim of government banking should be to discourage debt making, and being without desire to make profits that policy could readily be adopted. I think as a rule new ventures in business should not be encouraged by loans from government banks. Let those who desire to start new business do it with their own capital.

One class of would-be borrowers ought always to be encouraged consistent with safety of the loan. I mean the man who wants to buy or build a home whether it be a farm or city home. We ought to use all proper means to change the present tendency of having increased numbers of renters.

For the present we ought to pay at least the same rate of interest as the postal savings banks pay; it is very important that there should be encouragement to those who desire to save some of their earnings.

The desire to acquire property and some return from it is almost universal in the human mind and it is especially strong in what is usually called the middle class. A strong healthy middle class is the real backbone and strength of a nation. The desire to save some of the earnings and invest them for use in old age is I think a very useful and healthy characteristic. The last half century this trait has been over stimulated, and through this there was built up our present system of monopoly and the concentration of wealth. This we must stop if we want to save the nation; but the desire to acquire, to save, to be able to rise a little higher, obtain better opportunities for the children should be encouraged by wise laws.

We can assist the men of small means by a different method of dividing the public burdens from the present one. Now even the poorest are obliged to pay for the support of the government when they buy their necessities through indirect tax. The poor man with a mortgage on his property must pay the full tax on the value of the property. This is discriminating against the poor. The protection of property is one of the main functions of government and the expense of the government should be born by property. This brings us to the subject of taxes.

TAXES.

There is quite a large number of people who think that tax reform as they see it would cure nearly all our economic evils. The Single Taxers propose to raise all public revenues for National, State, County and municipal purposes by a single tax upon land values, irrespective of improvements.

They would abolish all indirect taxes like tariff, internal revenue, taxes on personal property, buildings, machinery, stocks of merchandise, live stock, banks, mortgages, bonds, shares in stocks and money.

I will not try to refute the beautiful sentiment, about God making the land for all his people, but I do think that most of the active single taxers, who write and speak for the single tax, if compelled to take their share of land, and make their living on it, and pay the taxes on a basis of single tax, would run faster than they ever have before to get away from it.

I would like to know how in a new country like Kansas was 50 years ago, taxes could be raised on the rental value of unimproved land, when unimproved land had absolutely no rental value, yet even the pioneer settlers must raise taxes for schools, roads, bridges and public buildings.

The single taxers constantly assert that the real farmers who work their own farms would pay less taxes under single tax than now. Another delusion of impracticable dreamers. Figures are stubborn facts.

The report of the Kansas Tax Commission for 1912 gives the following figures.

Total value of farm land.....	\$1,228,702,127
Total value of improvements on farms....	129,416,790
Total value of personal property.....	517,350,932
Total value of public service corporations.	431,209,399
City lots with improvements.....	440,281,647
	<hr/>
	\$2,746,960,895

Taxes are from .0070618 to .0176815 on a dollar.

The separate figures for improvements on city lots are not given, but in our Kansas towns lots are not extremely high. I think the buildings would average half the value of the assessment of city lots.

Public service corporations with single tax in force would pay very little in taxes. There was in 1912, 9102 miles of main track railroads in Kansas and 2,613 miles side and second track. That would be about 60,000 acres of land to be taxed for the railroads. The average value of farm land for the whole state is \$24.21 per acre. Suppose we value the railroad right of way land at \$100 per acre and we obtain \$6,000,000. So under single tax we would have to deduct from our assessment

Total value of farm improvements.	\$129,416,790
Total value of personal property.	517,350,932
Deduction on public service corporations....	425,209,399
Half the value of City lots.....	220,140,823
	<hr/>
	\$1,292,117,944

From these figures and they are the actual figures on which the taxes of Kansas are levied and must be paid we see that if personal property and improvements on land would be exempted that only a little over half the property assessed and taxed now would remain. Of this only \$220.140,823 would be taxed on the city lots, $5\frac{1}{2}$ times more on the farms than on the cities.

But there would be another very serious discrimination against the poorer class of farmers through the single tax. The poorer class of farmers have cheap buildings cheap farm machinery and less live stock than their more wealthy neighbors. The wealthy farmers have fine expensive houses, barns, granaries, the best farm machinery and implements, the best live stock, often hundreds of cattle and hogs for fattening, also frequently bank-stocks, notes, mortgages and moneys, and don't forget the automobile. It is not unusual to find farmers whose personal property and farm improvements are assessed higher than his land, while with the poorer class of farmers the land is the principal item in the assessment. The same condition is found in the cities. The man who has a few lots in the suburbs of a city with a cheap house would have to pay part of the taxes for the man who has a large business block in the city. If the federal taxes were also assessed against the rental value of unimproved land, that would nearly double the taxes again.

The single tax under present conditions would increase the taxes on all but the wealthiest of farmers, the less a farmer had of buildings, stock implements and other personal property, the more his taxes would be increased. This is a self-evident fact. Bankers and other money loaners, manufacturers, packing houses, merchants with their millions of merchandise would be practically exempt.

I am not blind to the evils of land monopoly and speculation in land, but to try to cure the evil by single tax would put still heavier burden on a large class of struggling farmers and house owners in cities, who are financially unable to properly equip their land holdings.

Now if we obtain government banking for the benefit of the

masses as we surely will before long, that will undoubtedly cause a rush of capital to land and cause a rise in land values. This would be an unmitigated evil for the real farmers and for the best interests of the great majority of the people. Not only this, but it is almost universally admitted that all proper means should be used to encourage people to go back to the land. Cheap money, lower rates of interest would help the farmers, but higher prices for land, operates against those who would become farmers.

We have been accustomed to live under a system of taxation where the greatest burden of taxes rests on the comparatively poor. For our State and local taxes we have been and still are compelling the man with a mortgage on his farm or house in town, to pay the full tax on his property, although he may own only a small equity in it. This is taking from the poor to give to the rich. We should pass a law to permit every man to deduct his mortgage indebtedness from his assessment. Where there is poor land the farmers are compelled to pay their own school and road taxes, do not even get their share of the railroad taxes. Our federal taxes, until the income tax recently enacted were largely raised from tariff which is paid by the consumers. There should be a radical change in this; the poorer classes should be favored instead of the rich.

Taxes should be levied directly on property. Even with a changed finance and banking system, with the power of capital to increase through interest greatly reduced, there would still remain a great advantage in the industrial struggle with those possessing property over those who have only a small amount of property or none. For this reason and also as a check to land speculation we should give an exemption from taxes on any form of property to all married men, widowers or widows of at least \$1,000.

If land speculation and advancing prices would still continue we could pass a graduated land tax, which would be another check.

At the present time tariff agitation ought to rest, but an unpartisan tariff commission should gather and compile facts regarding the cost of goods, cost of labor and everything having any bearing on prices and tariff duties. In abolishing a tariff system of long standing we can afford to go slowly and give manufacturers time to adjust themselves to new conditions.

Under government banking manufacturers could obtain reduced interest rates which would greatly cheapen the cost of manufacturing. Railroads could give cheaper freight rates because they could have lower interest rates and we would not permit them to draw dividends on watered stock. This again would help manufacturers to produce goods more cheaply. I think with free raw material, cheaper interest rates than European manufacturers have, and greatly reduced transportation charges our manufacturers would be able to meet any competition in the world and still make reasonable profits. If an unpartisan commission

would then find that certain industries could not meet foreign competition, they should make their report and if congress should deem it in the best interest of the public then congress ought to make a law to give a bounty to such manufacturers sufficient to enable them to meet competition. This bounty should be paid out of public funds raised by taxes.

The consumers are entitled to free competition to secure them the lowest possible markets, but as I stated before, we have now a tariff law going in the right direction and we ought to give time for a proper adjustment to it before we try new changes.

Regarding the single tax I think every state ought to pass a law or constitutional amendment if necessary to give the privilege to cities or counties to adopt single tax or a modification of it, but of course pay their share of state or federal taxes on the basis of an assessment of all the property.

There are cities where land speculation is running high and strong financial interests combine to keep prices of lots at unreasonable and artificial prices, where single tax or limited single tax would be a benefit, provided that the exemption mentioned before to heads of families would be granted.

After we have obtained a finance and banking system for the public good instead of, as at present, for private profit; transportation at cost or at least with only a reasonable profit to the owners; efficient laws and prompt enforcement against any monopolization of business that causes artificial or monopoly prices, then I think we could dispense with all taxes except on Real Estate and a reasonable graduated income and inheritance tax.

It is not advisable nor practicable to divide the land equally among all the people, because a large majority of the people do not wish to work on farms and could not make their living if they tried. Yet every fair minded person must admit that each person born has a natural right to the use of some land. The fact that over half of our population does not wish to engage in working on land and that in our present industrial development it would not be best, does not mean that those who occupy and use the land should have all the benefits of it when benefits begin to accrue.

But I have shown in previous chapters that under our present monopoly system, the manufacturers, transportation companies and bankers have obtained special privileges and through financial manipulation have actually created interest or dividend bearing paper that obtains more of the real wealth than all the farmers can produce by their labor, while the farmers with their \$40,991,449,090 of invested capital have hardly fair wages, without any return for their enormous capital. Under these conditions it seems unjust to remove the taxes from the manufacturers, the transportation companies, the owners of great business blocks the bankers and money loaners.

The power of monopoly and special privilege takes many

forms, and any one of these forms is capable of absorbing the fruits of labor above the mere living requirements of the workers. The industrial and economic development of our country during the last 50 years gives an object lesson that all but the blind can see.

Through the enormous increase of labor saving machinery we have increased our capacity for producing everything man needs, food, clothing, houses, luxuries so our ware houses are always full and yet the great majority of our people have serious difficulties to obtain the mere necessities of life and millions of our people are below the line of being able to procure the decent essentials of life. Superficial thinkers or those without knowledge of necessary facts, seeing the enormous prices for lots in our large cities and the fabulous ground rent that builders pay for building sites, think that land monopoly is the cause of all our economic troubles. It is an evil everywhere but under present conditions only a minor evil, especially when compared with the evils of finance and banking system.

In large cities rents are naturally largely affected by the price of lots, also by the rate of interest and the average rate of dividends that capital obtains in other investments. Parties who put up expensive buildings for rent or for their own use are business men who invest their money on business principles. Their number is comparatively small and they can easily make agreements about rents. I have no sympathy for the man who holds lots out of use simply to get a higher price. I really think such instances are few because it seldom pays, as taxes are always high on valuable lots.

It often occurs in cities that a lot owner has a three story building not new who gets a fair, but not large income from rents. He is not financially able to tear it down and build a modern sky scraper as some of his neighbors have been doing. Under single tax this man would have to pay the same amount of tax as the owner of a fifty story building, who probably gets five times greater net income from his building.

Individuals or corporations do not build modern business blocks from philanthropic motives. They are built on business principles with an expectation of profit.

To enact a law for single tax would mean a donation of millions to the owners of the best and most profitable buildings in large cities, and a correspondingly larger tax of the same amount to those having cheaper buildings on their lots. If a law could be passed to raise taxes only on vacant land there might be some justice in it but that can not be done.

From this, it can be seen, that what the advocates claim, could not be accomplished by single tax. An exemption of \$1,000 to the head of every family would accomplish better results and would be more fair.

The farmers who own their own farms are still in a majority although a steadily decreasing majority; but the most stu-

pendous fact remains—these farmers, a large proportion of whom got their land without price, who always produce more than all our people can consume, these farmers who have invested over 40 billions in their farms, obtain as a return for all their labor only an average of \$437 a year. If the farmers would charge interest on their own capital at the same rate they must pay for their borrowed money, it would amount to about half the sum of the value of their total products and cut their income in two. But a single tax writer in a recent article in a newspaper stated that the increase of ten billions in the value of the farms was the most stupendous instance of inflation of values. I would admit this if the producers had to pay dividends on it, but they do not. Prices of farm products do not rise or fall with the price of land.

Land values in New England and the Middle Atlantic states have increased but slightly during the last two decades while they have increased enormously in the south and west, but the farm products in the Eastern States are always worth more on the farms than in the West. The grain from the cheap lands in Washington the Mountain States and Canada all go to the same world markets and the difference in price on the farms is only the difference in freight.

Serious shortage in any crop raises prices but even this year 1913-14 wheat prices are lower than they have been at different periods when land values in the Middle West were less than half what they are now.

Many competent and successful farmers if they consider only the money making stand point sell their farms for more profitable investment of their capital. By merely loaning their money at current rates of interest they often can double their income without the hardships and risks of farming. Others add business to farming, buying and selling farms, buying and feeding live stock. There are farmers who obtain fair interest on their investment but their business ability, working power, and money making habits are above the average, but what they make naturally reduces the amount that others get. The principal reason that farm population is proportionately decreasing will be found in the fact that farming brings no return to capital, except when there is an increase to the value of land.

This increase in the value of land which is really detrimental to farming considered as a whole, furnishes generally the glowing accounts regarding the prosperity of the farmer. High priced farms do not mean larger crops nor bigger money returns to farmers. It means greater difficulty for would be farmers to obtain land.

Whether a very large increase in taxes would attract many new farmers from the over-crowded cities seems to me very doubtful. It would be a great injustice to those who are farming now to double or treble their taxes. This the single tax would do under present conditions.

SOCIALISM.

To Socialists we must give the credit of keeping up a steady persistent and very energetic agitation against the evils of capitalistic oppression. Socialists never stop their agitation; their lecturers are traveling in every state of the Union, speaking wherever opportunity offers and the members of their party are always ready to assist in promoting their cause.

They are meeting with great success in showing the evils of our present economic system regarding the unfair distribution of the products of labor. This is a necessary work to be done before any reform can be accomplished. The man who is satisfied with his condition, with the laws and customs will not vote to bring about a change. A noble discontent with wrongs and right efforts to abolish them is one of the means of human progress.

I agree with the Socialists that we must curb the power of capital but not that we should confiscate. I believe we should socialize our finance system and have government banks conducted entirely for the public good instead of private profit. I believe with them that we should abolish all special privileges and every restriction of trade as soon as possible, but I do not believe that it would be wise or to the best interest of the people, for the government to take over all the production and distribution of wealth, as they propose in their platform.

I think the socialists make a great mistake in trying to arouse a class spirit, in order to win the battle against concentrated wealth. We need and must have the assistance of votes from all classes. It is right and proper to appeal to the self interest of the voters, to show them how they are wronged, and how certain changes will benefit them. But the line of argument that will eventually carry us to victory is the appeal to the sense of justice, slumbering perhaps but still present within every normal human being.

Very little progress has been made yet in passing laws to curb the influence and power of capital, but great progress has been made the last few years, in bringing the political power back to the masses through laws for primary elections, the Initiative, Referendum and Recall in many states.

No man living now can tell how far the people will go in socializing the industrial and commercial affairs of the nation. The people are absolutely supreme.

We have the school system on that basis now and all we need is a better general understanding and appreciation of the importance of extending and broadening our school system until every child shall not only have a good primary education but also an industrial education that prepares it to become a self-supporting citizen and an intelligent voter.

We have the Post Office socialized with a Parcel Post added to it and a beginning in Postal Savings Banks. Telegraph, Telephone and later on all transportation will undoubtedly follow.

We need laws to improve our land tenure but I believe we can do more good in that line through taxation. We must not forget that practically all the land has been bought and is owned by individuals and land owners have always been very tenacious in holding their lands.

There is absolutely nothing to prevent the socializing of any part of our industrial system, if the voters can be convinced that it is right and just. But whoever has a true knowledge of human nature must understand how very slowly the masses of the people can be changed and how difficult it is to bring into actual and successful working order any change that has been adopted.

I think Socialists ought to see that the only practical plan is to try the easiest changes first. To change our entire Finance system from banking for private profit to banking for the public good would be a comparatively easy task. It would require no change in the habits of the people. Trained men to do the work would be on hand. They would be just as willing to work for the government as for private parties.

Another easy step that would save millions for the people would be government insurance. Nothing but intelligent voting is needed to accomplish it. Some states have it now.

Municipal ownership of water works, light plants and street cars has been tried and is generally successful. We must not forget that the people are absolutely supreme in these matters.

But to a practical man who is not simply a dreamer who tries to analyze the methods and details by which things can and must be done, the idea of socializing the millions of merchants, manufacturers, hotel and boarding house keepers and the farmers, seems certainly at present an impossibility. The government might buy and drain swamp lands, and experiment with big farms, using every scientific method known, then observe results. It would no doubt pay. If it was a success not only in dollars, but also in better conditions in all respects, financially socially and intellectually for the workers it would undoubtedly be gradually extended and might in time become general. But such changes can only come after thorough demonstration. It would really be co-operation assisted by the government.

The same principle applies to commerce; if the government can not prevent combinations that maintain monopoly prices, it

may become necessary for the government to establish stores to prevent combines resulting in unreasonable profits, or it may be done by direct establishing of maximum prices.

The question of socialism will and must be decided by the natural and inherent traits of human nature. The ruling characteristic of human beings is the desire for freedom, for the privilege of free action, free expression in every phase of life. This desire is often suppressed in individuals by modern conditions so that we find hardly a trace of individual thought or action left; but even among such if they have children this God implanted love of freedom will strive again toward attainment.

It is this intense individualism and love of freedom that has spread our population over our whole country and opened farms where no man can farm successfully. There are millions of farmers living on our frontier farms where they must and do endure more hardships and privation with smaller returns for their labor than any other class of men, but they enjoy a certain kind of freedom.

It is true that great gains in production are made by the using of labor saving machinery and the systematising of labor. There is no question that much greater returns could be obtained from our farms by the use of more machinery, better organized and more scientific application of labor. But the question is how to obtain it.

While we are low in production per acre, we have been and are making progress. We are leading the world in the amount of products we raise on our farms to the number of persons employed in farming.

To try arbitrarily by edict of law to radically change our system of private ownership to public ownership would be a task of such magnitude as has never before been attempted in the history of the world, and I think utterly impossible of accomplishment.

There are some things that must be done by our government directly for the benefit of a majority of the people. Among these I consider first and of most importance the altering of our entire finance and banking system. Next all kinds of insurance except co-operative or mutual. Then transportation including telegraph and telephone. But the socializing of our finance and banking system should come first; it is most important and far-reaching.

All these changes could be accomplished without causing any perceptible change in the habits of the people. Banks are nearly all incorporated, and most of the work is performed by employees. The same is true of Insurance companies and railroads. It would only require a change of ownership, and a change from trying to make all the profits possible, to a policy of serving the public, to the best of their ability. The owners of the banks and the Insurance Companies and of the Railroads are often engaged in other business, are usually good business

men, generally wealthy, and therefore quite able to take care of themselves, by entering some other avocation.

But to change the method of farming, make all the farmers employees of the government would be a task that ought to be well considered before it is undertaken.

There are still over six millions of farmers who in a certain sense are their own employers. A million of merchants, probably a million of small shops, carpenters, blacksmiths, shoe makers, hotel and restaurant keepers, boarding house keepers, tailors, barbers, jewelers, etc. They seem to hold their own among all the concentration of business trusts and combines, and I believe it is for the best interest of the country that their existence continues.

I believe every encouragement should be given to increase the number of men who are home owners and self employing. Through the government banking and very low interest rates an outlet for salaried men and working men who have saved some of their wages, and would like to become self-employers will be found. As farmers, fruit raisers, poultry men or in other avocations, they will leave the ranks of wage earners, and better opportunities will remain for the other workers for steady labor at good wages.

It is generally admitted that country life produces the best manhood and womanhood we have. The cities not only get their supplies of food and other raw material from the farms, but also their supply of fresh, unpolluted, vigorous manhood. It is a well known fact that there is a great tendency for men to deteriorate in the city. The extremes of wealth as well as the extremes of poverty tend to lower physical and moral standards.

A large vigorous independent middle class is the hope of a nation. Every proper means should be used to encourage the wage earners to become members of this class.

I would not ask socialists to give up their ideal that socialism points the way to a higher and better condition for the masses of the people. All I would ask of them is that when any measure like socializing our banking system, our insurance system or our transportation comes before the people at an election that they should do all in their power to assist in carrying it through.

They surely ought to understand that socializing all the production and distribution of wealth if it ever comes will require generations of time. Laws may be passed under great political excitement, but to put them in practical operation is a proceeding that needs time, patient effort and practical experience.

Socialists generally consider competition as one of the evil influences of our industrial system. It must be admitted that competition in the past has often been ruinous to many business men, but that has generally been because competition was not fair.

We have had too many special privileges in our industrial and commercial life. Combined capital has ruled politics and all manner of special privileges have been given during the last half century. Because of abuses of granting special privileges, such as the government giving banks the privilege of receiving money for their bonds, and still owning and drawing interest on them; chartering banks to receive deposits and allowing them to charge most any rate of interest on the money of their depositors; allowing railroads to charge all the traffic will bear, permitting them to give rebates and passes, allowing all manner of combinations to make artificial prices; the result has been our fair competition has been killed. But because a good thing has been abused does not prove that it is not useful and beneficent under proper conditions.

I think fair competition is the life of business and the mother of progress in our industrial life. Give every business man and every farmer the opportunity to borrow money at the same low rate every other man has to pay, the same freight rate under the same conditions to all and business and farming would advance as never before. Whatever benefits business and farming will also benefit those who work for wages.

The love of competition, the wish to excel in doing things a little better than others, is ingrained in every normal human being. It is present in the play of children, and especially in games like base ball, foot ball, boat races, running, wrestling and boxing. There is no limit to what men will do to win in a game. All that is needed to keep competition from doing harm is to see that it is fair with no especial favors.

Fair competition in business stimulates the slaggard, rewards the wide awake, benefits all because those in advance with better methods teach those in the rear by example. The stimulus of competition is the principal cause of progress in all lines of human activity.

In conclusion on the subject of socialism I would say that no one can foresee now what will be done in 50 years from now. If the people can be aroused to action and throw off the yoke of our financeers and stock gamblers then we may hope, that they will stop other forms of monopoly. The voters will gain confidence, they will begin to understand their power and will carry into effect any reform they wish. If they want State Socialism as it is defined now, there is no power to prevent it under our form of government. As intelligence increases among the voters they will learn how to get what they think is good for them in the way of reforms. I believe that the American people will go no farther in the direction of Socialism than public ownership of public utilities.

EDUCATION AND AMUSEMENTS.

A most urgent need to make life more attractive and increase the efficiency of our citizens must be met through education. There is much more intellectual equipment required to make a good farmer or business man than there was even 30 or 40 years ago.

On the land this higher knowledge ought to be obtained by the children without leaving home. To send boys and girls from home after they pass the 8th grade, when many of them are only 14 to 15 years of age is unwise and often brings evil consequences. It seems the temptation to go wrong even in the smaller towns is constantly increasing. Boys and girls of that age are generally too unsettled in character, and too ignorant of the dangers and temptations of city life to successfully meet them.

The great majority of farmers can not afford to educate their children any higher than the home school. It costs over \$250 a year at the lowest estimate to send any child from home to school. The country needs first, continuation schools for the children who can not go away to higher schools.

These continuation schools should be conducted on a plan entirely different from the common schools. One to every four or six country schools as we have them now in Kansas would be sufficient. There should be a good building provided with one large room, planned for public meetings, with a stage and movable seats for the audience. There should be several smaller rooms for reading and recitations and either a dwelling for the teacher or extra rooms in the school building for his use.

This teacher should be chosen for the especial qualification of understanding and loving young people, for having the ability to get their confidence, finding out their ambitions, discovering if there is not some line of study or information that they are interested in, and then induce them to study in some class. There should be a small but well selected library, and a few of the better class of magazines.

The studies should all be informal, irregular, perhaps and include the evening hours, the one principal motive being to get the pupils to read something helpful and instructive, and from time to time review with others reading the same book.

This teacher should be able to teach singing and have chorus practice. As often as possible a public program of a dramatic and musical character should be given, and the teacher should have the necessary qualification to select and arrange these

programs and train the persons who read, sing or act the respective parts. These teachers would naturally try to draw some of the grown people into occasionally giving talks on current subjects, farm, social and economic questions. After a fair start there ought to be no difficulty in having at least two public programs a month, with club, reading or social meetings of smaller groups possibly every evening.

I do not know of a country neighborhood, where most any effort to get up an entertainment, will fail to draw an over-crowded house. They are simply hungry to hear any kind of program particularly from their own people. I have often wondered why these meetings and entertainments can not be kept up, but the cause is not far to seek. Everything requires work and especially when persons undertake it who are not used to it and really not qualified. Most of the country school teachers are very young and inexperienced in this kind of work, and many have not the strength for extra efforts. I have myself at various times started a lyceum, as we usually call them, and just in proportion, as I could give time, thought and effort to it would it be successful. But naturally the busy farmer or business man can not devote the necessary time, nor has he the knowledge and training. All efforts of this nature are usually spasmodic when such work ought to be continuous from year to year.

Even without considering the superior education and training of such a teacher, the very fact that he or she is a teacher for this work would give a great prestige. When a member of the community takes up this work there is often some local jealousy and silent opposition that would not be manifested in opposition to the work of a teacher.

It is not so much a question of just what can be accomplished at first, as that some start is made to fill a great void in farm life as it now is. It is sad but true that a great many of the young people seem to stop all intellectual progress after they cease going to the public school. Many are not far enough along in their reading to be able to enjoy it, and read so little that five or ten years after going to school they can not read as well as when they quit school.

If a person can be interested in reading some good book, even only half an hour a day, he will obtain much useful information and extensive general knowledge in a few years; but even that is not the principal consideration. The real value of it consists in the habit of spending part of the leisure time in that way. The person who is fond of reading good books or periodicals is pretty well insured against forming bad habits.

A teacher would soon be acquainted with the young people, would find points of contact in their character and get them interested in a few classes. I do not think there should be formal examinations. An occasional review either written or oral of books read, so the students gradually form the habit of thinking, understanding and remembering what they read, would be more feasible. The influence of a teacher of these

schools would be helpful in gently, unostentatiously, but persistently influencing pupils to self-improvement.

To organize and oversee amusements would be one of the important functions of these teachers. I have already spoken of dramatic entertainment; this always enlists the whole population. Besides there should be occasional lectures from professors from our colleges who are usually willing to come for the asking. With the organization of these schools the central authorities in charge should make plans to get good films and projecting machines so that good wholesome instructive and amusing picture shows could be given in these school houses. There is a great fund of information and amusement in properly selected pictures, especially if a good instructor explains those intended for information.

There is another form of amusement that I consider of high value and importance, that is dancing. Dancing is the natural expression of youth and joyous life. That it can be abused and lead to evil I do not deny. But what is there that can not be abused. We all know that dancing can not be suppressed. When young people are forced by their parents to go to dances clandestinely there is already harm done. Make dancing respectable by having it done under proper conditions. This could be attained by having the dancing in these school houses. There would be a well ventilated, well lighted, roomy, hall, many of the parents would be present, and some would participate in the dancing. The dancing would close at a proper hour. There would be no all night dances at the school houses. Young people should not only have opportunity to dance, but they should be encouraged to dance well, learn it properly and have some pride in doing it artistically. Good dancing improves the figure, the carriage of the body, the walk; it helps people to meet others in a proper way and is in every respect a good social asset.

I think there would be another great gain from the amusements and other gatherings at the school houses. The coming together of the youths of both sexes in social intercourse, under proper conditions such as would be in these schools, is beneficial. Boys and girls who from the age of puberty frequently meet, talk, sing and dance with those of the other sex are not so apt to become subject to morbid ideas about sex as those who have no such opportunities and they are more likely to find well adapted mates in marriage than if they had fewer opportunities in social intercourse. In connection with these schools there should be either by the teacher or perhaps by especially qualified traveling lecturers, lectures on sexual knowledge for the young.

There should also be good play grounds near the school house for base ball, basket ball etc.

I have been talking about country schools and country life, but these schools are needed just as much or even more in the cities. Almost every paper brings reports of young people going wrong by taking part in joy rides or visiting questionable dance

halls. The question of amusement for the young is just as serious in the cities as in the country although essentially different. The social and intellectual center in the school house would be the best solution for it in the city, also, with encouragement and assistance to form reading and study habits, participation in debates and lectures, in studying plays and acting in them and singing and dancing. These practices would also keep alive and develop the democratic spirit and fellowship formed in the common schools but only too quickly lost later on.

Expenses for these schools should be paid mostly by the Federal Government, because there are many farm communities that are hardly able to pay the local school taxes now. These teachers ought to have salaries that would offer some inducements to make a life profession of teaching; and after they have proven by their work that they are qualified and efficient teachers, ought to have assurance of a decent pension when they are retired.

Fortunately the expense of these schools could be born by the federal government without any increase of taxes, as the decrease of the pension list would undoubtedly cover the expenditure.

BENEFITS TO BE DERIVED THROUGH LAWS.

What can be accomplished for the elevation and improvement of the race by law is a very important question. Only very superficial reformers think that all evils can be cured by simply enacting laws. Yet we are now suffering from many evils that are caused by laws and can not be cured until laws are changed. We can not escape the evils of our finance and banking system until we change the laws. We can not materially reduce the evils by amendments of the present laws. Only a radical change from banking for private profit to banking for public benefit can cure the present evils of our finance and banking system.

The most serious part of the problem is the enormous burden of debt now resting on the shoulders of the people. The interest and dividends and rents that the small percentage of capitalists collect annually from the workers and consumers is so enormously large so entirely out of all proportion that it absolutely must be stopped.

I can conceive of no way to do it, except as I have stated, government banking for the public good and rigorous laws to eliminate all fictitious values from all stocks whether private or public corporations. This can be done through laws, if the people absolutely demand it. If laws passed fail to cure the evil keep demanding until effective laws are passed and enforced. The voters have been too easily satisfied in the past, with half measures and empty promises.

Even this may not prevent unreasonable profits obtained by combinations of manufacturers or combinations of merchants. By compelling manufacturers and merchants to open their books to inspection, government agents, either state or national, could determine from the books when unreasonable profits are charged. I think it is the business of a good government to investigate such matters and correct them. If the voters really demand the abolishment of these evils it can be done, if not by the first effort, by steady, persistent effort.

A very serious and far reaching evil of the present time the question of the unemployed, can be cured by law and practically at once. A law compelling every city or township to provide work for every man out of work and unable to support himself should be passed promptly. That law should only be the commencement and help immediate needs.

The federal government and city and state governments could then plan and prepare all manner of public improvements in order to supply work for men whenever needed. When we consider that any man's work, no matter how inefficient he may be, is always worth more than his board and clothing it is amazing to think that no general provision has been made previously to cure this monstrous evil.

There are large amounts of money spent in charity and we all wish God speed to those who in their generosity give from their means to the needy. But those who have good opportunities to observe generally agree that the results from giving charity are often unsatisfactory. The recipients are very much inclined to form a habit of depending on almsgivers. The receiving of charity seems to weaken their self reliance and energy. To guard against unworthy persons receiving aid requires a large corps of officials to investigate cases, which consumes a considerable portion of the charity funds. The worst feature of the system consists in the fact that the people mostly in need of assistance are generally too proud to let it be known. There are many who would rather starve than apply for charity.

This would be obviated if the policy of giving employment to every one needing it would be adopted. A man would not need to lose his self respect first. He would simply apply for work and get it. The work might not suit, but he would keep at it until he could find a better job. I think the money spent in private charities, considering the expense of soliciting, of inspection and administration, and the expenses of municipal charities would go a great way toward paying the wages of the men engaged in government work, and that work would be worth more than the cost.

There are now great efforts from many sources to obtain better roads, but usually that means bonds, then commissions to bankers to sell them, then a fat slice of profits to contractors. Work and vote against every kind of proposition to vote bonds for roads. Plan your work, get the best machinery then have the work done by day labor, and work every man in jail and give every man work who can't get a job elsewhere.

The greatest part of the task of giving work to the unemployed should, however, be done by the federal government. There are many good opportunities for such work. Irrigation plants are needed in many places. Before starting irrigation plants the government should always secure the land to be irrigated, if in private hands, so there will be no greedy speculators to make fortunes from the benefits of government irrigation plants. If owners of land would refuse to sell their land, then assess them their share of the cost. When an irrigation plant is finished the government should use scientific farm experts to farm the land and test the adaptability of the soil, and the best methods of farming. After fair test, rent, or sell to actual farmers.

Workingmen who worked in such places, after demonstrating that they are willing and capable of doing good work should be financially assisted to rent or buy land, and join the army of self employed. This method would constantly thin out the ranks of wage workers by assisting those fitted and desirous, to become independent. The government should not try to make a profit on these transactions; simply get a return for all expenses. All renters should have a tenure for life if desired.

Renting under such conditions offers practically unlimited opportunities. Millions of families could be placed on irrigated farms and drained swamp lands. Not only the millions who would become farmers but the whole nation would be benefitted by this course of action.

There is an immense amount of work that ought to be done on our mountain ranges and hill sides in reforesting the steep slopes. The annual floods and the erosion of the soil is an enormous loss to the nation. It is well known that forests on the mountain slopes are the best means of preventing floods. If this work was undertaken by the government it would be profitable.

The reforesting of steep mountain sides must be done almost exclusively by hand labor, any man can assist if properly directed. No doubt there are many locations in narrow vallies with steep mountain sides, where large reservoirs could be built for the double purpose of storing flood waters and utilizing it for water power; in short there is an abundance of work that ought to be done for the good of the country, that will not be done by private enterprise because there can be no immediate profit from it. This is work that the government should do, but all care should be taken that the benefit of such work should accrue to the public.

The public welfare also demands that provisions be made that every child within the boundaries of our nation whose parents or guardians are unable to give them a proper education, should obtain it in government schools at government expense. These schools should be on farms where the children could be trained to habits of work. Besides the common school training they should all have industrial training of a large variety and those who show especial aptitude in any direction should be assisted to obtain extra instruction in these lines. No child should be sent out from these institutions until he is competent to fill some useful position and is provided with one.

These institutions should be real homes for the children. Necessary discipline should be tempered with love and tender care. No air of charity should be present. A moderate amount of work each day, certain hours of study and play, with proper provision for amusement should be made.

This nation must realize that human beings are the most valuable asset we have. We can not afford to permit men to

become paupers, tramps, or criminals, because there is no work for them. Even less than that can we permit children to grow up without sufficient healthful food and clothing, dwarfing body and mind. God knows no class or caste and often from what some would call the lower classes, geniuses are born who, by their power of intellect or artistic gifts, bless humanity. Let us rise to the full conception of our duty towards every human being within the borders of our country.

These simple, easily carried out laws, government banking for the public good, employment for all unemployed, proper education and training for all children, and the continuation schools, would start this nation on the right road and in the right direction. Absolute want for the necessities of life would be abolished at once. The effect of the better education would begin to show gradually in more efficiency and in a decrease of vice and crime. With the fearful load that capital now lays on them, by excessive interest rates and dividends on watered stocks, lifted from the backs of the people, industry would be released of its greatest handicap. Monopoly once checked, the natural initiative, tremendous energy and inventiveness characteristic of Americans would have full play and free action.

Thousands of bright, capable men now only engaged in inventing and carrying out plans to get something for nothing would be turned to useful occupations. That feverish unnatural desire to get rich quick would gradually disappear and give room for a natural healthy desire to excel in whatever calling one would be engaged in. The dread fear of being without a job would be removed from the working man. The business man would not worry because a rumor of a panic might cut off his credit and bring bankruptcy. Professional men would partake of the benefits of the lightened load. Even the beneficiaries of the present system would share in the general blessing of being permitted to live in a world where sin, vice, crime and misery would be less prevalent than now. Instead of being a fearful example and a warning to other nations as we are, we would be truly progressive, a beacon light to other nations, as we used to be.

We can not pass laws to make people industrious, frugal, efficient and energetic. The personal characteristics of the individual are always the most important factor. All that can be accomplished even by the best laws is to keep equal opportunities open for all to prevent the strong and crafty from taking advantage of the weak and ignorant. As we find great differences in appearance, size and build of persons, as their mental and moral characteristics differ, so to a certain extent will their social and economic conditions differ.

I am not one who wishes to level all differences. Variety is the spice of life. The greatest boon to man is freedom and an open opportunity to grow and develop himself. With the fear of absolute want removed, the opportunity to accumulate enormous fortunes from the labor of the masses checked, I

think the unnatural striving for money would gradually grow weaker and men would begin to see that right living was more important than money making. They would begin to pay more attention to self improvement, physically, intellectually and ethically. They would strive for harmonious development of all the wonderful faculties with which men are endowed.

Society can only grow and develop harmoniously when enjoying the greatest possible freedom consistent with law and order. The struggle of the masses, if we look backward through the pages of history has always been the struggle for greater freedom. Personal freedom, liberty of thought, speech and actions are the strongest traits in human nature and it is the business of good government to guarantee to every citizen the right to foster these traits.

RESUME.

We have seen in the preceding pages how capital by various methods, has fastened onto the shoulders of the people an enormous volume of debt. Fictitious stocks and other burdens annually absorb nearly half of the wealth produced in our country. This is spread around by innumerable methods and appears in the form of higher prices and lower returns to the workers. So self evident a fact needs no farther explanation here.

The most important truth that I desire to impress on my readers is that there is no necessity for this condition to continue. It is unfortunate that we, the voters, have permitted monopoly to acquire such a strangle hold on our industries, but we have it in our power to break that hold.

It is a disgrace to the American people to submit to this tax any longer. Are the descendants of the patriots who participated in the Boston Tea Party, who caused the revolutionary war on account of a tax too insignificant to mention in comparison to this tax that monopoly levies on the consumers, going to submit to this outrage any longer? Of course the participants of the Boston Tea Party had no representation. We have representation but the monopoly interests instead of the peoples' interests have had the control. A new day is dawning. The people are thinking. Papers and magazines are disclosing the evil conditions. By some good laws such as Primary Election laws, the Initiative, Referendum and Recall, the voters have gained greater power to correct all evils in our government if they will only learn to vote intelligently.

But special privilege and monopoly have many weapons of defense, and if the voters are not alert and wide awake the reform sentiment now somewhat aroused will be frittered away by so called reform measures that mean nothing. Prune the tree of monopoly and it will spread the more but grub it out by the roots and it will be finished.

The dissolving of trusts so far accomplished, seems to act as a fertilizer; they thrive better than ever after dissolution. I think the benefits of the new currency law will be infinitesimal to the masses of the people. The real kernel of the evil of our finance and banking system the ruinous interest rates is not even

touched upon. The bankers still control interest rates and credit. It is true the last congress passed a tariff law with an income tax that goes in the right direction, but these should not be a halting station. They appear to be, judging by the currency law.

No, my fellow citizens, we must no longer permit wiley politicians to lead us in to campaigns with mere phrases, no matter how beautiful they sound. We have them every campaign, changed to suit particular conditions and locations phrases like "a tariff for the benefit of the farmer" "a tariff in the interest of the wage earners" "a square deal" "equal justice to all" "a living wage to every worker" "capital and labor have the same interest" and all the senseless lying and boasting about the increase of wealth and our phenomenal prosperity.

If we want to throw off the load that all but paralyzes our industrial life, that brings hunger and want to millions where there is plenty for all, we, the voters, must demand in no uncertain way that direct, definite action be taken along the lines I have given through these pages.

The only way this can be done is that each voter who is really in earnest, who honestly desires to do his part, shall begin at once and work. Every man or woman has some influence and if we take up this work in the right spirit, victory will soon be ours.

Within the pages of this little book, by careful and repeated reading every one can find the facts and arguments necessary to convince any reasonable person that through government banking for the public good the greatest obstacle in the way of industrial progress would be removed. This reform should come first. It will make all other reforms easier.

It is advisable not to undertake too much at once. Concentration in each campaign on one measure is the quickest and best method of attaining success. There is less danger of voters becoming confused. The confusion of the voters resulting from unduly emphasizing some trifling question is one of the most successful means of defeating real reforms.

All lovers of humanity who desire real progress must understand that economic justice, economic freedom, not only the right but also the opportunity for each person to earn his own living, must be guaranteed to all.

Government has such an intimate relation to true progress, to high noble living, that every one should use his best efforts to lift it out of the mire of selfishness.

For while food, clothing and shelter are prime necessities of life, that is not all there is of life. As stated in the first chapter, we are here as human beings to assist in carrying out God's plan regarding human development. Humanity has made great progress. We, living in this age are to a large extent the beneficiaries of it.

We have not only made wonderful industrial progress but have also advanced in broader views on religion, greater tolerance with those who differ with us, a broader conception of the common fatherhood of God, and the common brotherhood of man. We recognize the equal rights of women in every respect. Public sentiment is more charitable towards criminals and we are making efforts to reform them instead of punishing them. And we are trying to abolish war.

It gives food for thought to reflect on the fact that every nation in our past history has been destroyed when the concentration of wealth has become too great.

The one great factor that retards our progress towards higher and nobler living, that hinders us in lifting the nation, intellectually, morally and spiritually to a higher plane, is placing the dollar above the value of human life.

In no other country do we find so many employees killed in shops, factories, railroads and mines, in no other country have owners of these concerns so persistently opposed laws that would force them to use proper safety appliances and ignored state or national regulations. This spirit of lawlessness has spread. Our murders are more than double in percentage to any other nation; suicides and other crimes are in proportion.

There is menace in a condition where there exists a generally high average of intelligence and the idea of equality is ingrained in the people and supposed to be the foundation of our government, when there is an almost universal belief that enough money clears any criminal, and a general belief that the great fortunes have mostly been obtained by unfair means.

The time will come when it will be a serious question to control millions of men out of work and without means of support.

All these dangers can be averted if we adopt the few simple remedies I have outlined in previous chapters. Government banking for the public good; laws to check land monopoly so there will be better opportunities for the homeless to obtain land; strict and effective regulation of transportation or public ownership of all transportation; work for every man unable to get work otherwise; and a system of continuation schools to promote general intellectual growth.

Now if the voters in the United States can not wake up and face this question of curbing capital by bringing interest, rent and profits on to a basis that has a proper relation to the average savings of the people, then we must acknowledge that a government of the people, for the people, and by the people is a failure in the United States of America. We must then admit that our noted statesman was right when he said "The purification of politics is an iridescent dream."

But I am an optimist. I believe in the common sense of the people. I believe in their sense of justice their patriotism and courage, and I believe they will talk, will write, will vote and persuade others to vote, to make our government a truly Peoples' Government.

Will you, dear reader, do your part?

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